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Tehran Plays Its Middle East Card

Iran Breaks Out of Its Isolation To Be Host of Muslims' Summit

By John Lancaster
Washington Post Service

TEHRAN — To most of its Arab neighbors, the Islamic Republic of Iran has long been a pariah, an incubator of revolution and religious zealotry where one of the capital's major boulevards is named after the killer of President Anwar Sadat of Egypt.

That may be starting to change.

On Tuesday, a country condemned in Washington as the world's leading sponsor of international terrorism will be host to kings, sheikhs, presidents and ministers from 55 Islamic countries in Africa, Europe and the Middle East. Among them are such staunch allies of the West as Egypt, Jordan, Kuwait and Saudi Arabia.

Although the eighth Islamic summit meeting is likely to yield more symbolism than substance, the presence here of so many foreign leaders could significantly bolster Iran's international prestige at the expense of the United States, which is seeking to isolate the country diplomatically and economically. The Islamic meeting, the first hosted by Iran, marks the largest diplomatic gathering here since the Islamic revolution in 1979.

It also has provided a platform for Arab and Islamic countries, including those close to the West, to express their dissatisfaction with American policy toward Israel and Iraq.

As Iranian newspapers have noted gleefully in recent days, the Tehran meeting has attracted far more Arab states than the regional economic conference last month in the Gulf capital of Doha, Qatar, which was sponsored by the United States with the aim of promoting ties between Israel and the Arabs.

"It brings a kind of prestige for the regime," said an Iranian academic who is close to the country's conservative clerical leadership. "Now we are the symbol of Islam."

Iranian conservatives who hope to use the meeting here to promote a radical anti-Western agenda may be disappointed. The summit chairman is Iran's new president, Mo-

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To Reinvigorate Peace Process, U.S. Is Set to Call Israel's Bluff

By Steven Erlanger
New York Times Service

PARIS — After considerable hesitation, the Clinton administration seems finally ready to call the Israeli prime minister's bluff.

While Benjamin Netanyahu is constantly talking about his desire for a lasting peace with the Palestinians, Washington is sincerely confused about whether he means it. Without criticizing Mr. Netanyahu in public, the U.S. secretary of state, Madeleine Albright, is increasingly annoyed with his evasive tactics, aides say.

While she and President Bill Clinton have both called for "bold decisions" and "new urgency" in the context of an

NEWS ANALYSIS

Iraq crisis that is likely to resurface, given Baghdad's continuing restrictions on the movements of weapons inspectors, Mr. Netanyahu appears to be less interested in progress with the Palestinians than in delaying politically difficult choices.

It is for that reason that Mrs. Albright has given Mr. Netanyahu an extraordinary deadline — another meeting with her around Dec. 17 when she returns from an African swing and a NATO conference — to produce the "significant and credible" Israeli withdrawal from the West Bank that Washington and its other regional allies demand.

U.S. officials expected Mr. Netanyahu to show up in Paris for meetings with Mrs. Albright on Friday with a relatively detailed proposal for a long-overdue Israeli withdrawal from the West Bank — large enough to put pressure on the Palestinian leader, Yasser Arafat, to join accelerated talks on a permanent settlement.

But Mr. Netanyahu said proudly that he had offered no percentages and brought no maps. He said it would take "several weeks" to produce an offer his cabinet could agree upon, and that he wanted a probation period of five months before any withdrawal took place, to judge "Pal-

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Sergei Karpukhin/Reuters

The tail section of the Antonov-124 cargo plane that crashed in Irkutsk.

2 Top Banks Head for a Merger in Switzerland

Link of UBS and SBC Would Create World's 2d-Biggest Lender

By John Tagliabue
New York Times Service

ROME — Union Bank of Switzerland and Swiss Bank Corp. are expected to announce Monday that they will merge through an exchange of shares to create what would be the world's second-largest bank in terms of assets, according to people at one of the banks.

The merger of Switzerland's largest and third-largest banks would be the latest of a recent series of major mergers and acquisitions in the global market for financial services. It would create a bank with combined total assets of about $592 billion.

A linkup has also been forced upon the Swiss banks by the need to slash costs in the domestic Swiss market, where the banks have been battered by a six-year economic slump. The banks have announced dramatic restructuring plans in recent years to try to raise shareholder value. Average returns on equity at major Swiss banks have traditionally been less than 10 percent, well below the U.S. average.

The merger, which is expected to be announced at a news conference Monday in Zurich before the opening of European markets, is expected to lead to cuts of as many as 6,000 of the banks' 40,000 domestic jobs and an equal number among their 18,000 overseas employees. The new bank is expected to be called United Bank of Switzerland. It would be the world's second-largest, in assets, after Bank of Tokyo-Mitsubishi Ltd., which has $696 billion.

Details of the merger remain unclear, but according to reports in several European countries, the chief executive of the new bank would be Marcel Ospel, the chief executive of Swiss Bank.

Neither bank would confirm the reports, but rumors that the banks were to make an announcement buoyed share prices of both banks in recent days.

"Merger negotiations are under way between us and SBC," the Sonntagszeitung, a Swiss newspaper, quoted a senior UBS executive as saying. "Only with such an approach can we attain tremendous advantages on the international level."

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Toll Rises to 48 in Jet Crash Into Apartments in Siberia

By Daniel Williams
Washington Post Service

MOSCOW — After battling fire and ice all night, rescue workers in the Siberian city of Irkutsk recovered the bodies of 48 victims of the crash of a giant cargo plane into an apartment building.

The death toll from the accident was likely to climb to at least 60, Russian officials said. They predicted that victims who had been buried under the rubble might have lived through the explosion and fire but probably would not have survived the night of temperatures that plunged to minus 23 degrees centigrade (minus 10 degrees Fahrenheit).

Steam rose from the site of the disaster as firemen poured water onto the crushed fuselage of the plane and concrete rubble of the five-story building at 45 Grazhdanskaya Street. The tail section leaned menacingly against an adjacent four story building, the red star emblem on the plane blackened by fire.

The pilots of the Antonov-124 cargo jet reported to air controllers just before the crash that two left side engines had died, Intefax news service said. The "black box" information gathering equipment on board has been taken to Moscow for examination. In the meantime, all Antonov-124 cargo jets have been grounded, Russian officials said.

Since 1992, five Antonovs, including the plane that crashed Saturday, have gone down under differing circumstances. One accident was caused by a bird being sucked into an engine, and three reportedly crashed because of pilot error.

Prime Minister Victor Chernomyrdin arrived in Irkutsk to oversee the rescue efforts.

His mission symbolized not only the scope of the catastrophe but the evident need to reassure a country that is periodically beset by man-made disasters.

Just Tuesday, an explosion in a coal mine killed 67 workers in the Siberian

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Murdoch's Global Reach Keeps Taxman at Length

Rivals Pay Far More Than Mogul's News Corp.

By Paul Farhi
Washington Post Service

WASHINGTON — In the mid-1980s, Rupert Murdoch abruptly renounced his Australian birthright and became an American citizen. The move allowed the media tycoon to comply with a U.S. law that prohibits foreign ownership of television stations and buy the Fox television network — which helped Mr. Murdoch build a global entertainment empire that now includes 22 American television stations, TV Guide magazine, Twentieth Century-Fox Film Corp. and a huge U.S. broadcast network.

Those subsidiaries provide Mr. Murdoch's company, News Corp., with the vast majority of its revenue and profit. But through the deft use of international accounting loopholes and offshore tax havens, the mogul has paid corporate income taxes at one-fifth the rate of his chief U.S. rivals throughout the 1990s, according to corporate documents and company officials.

There is no suggestion from the U.S. authorities of any impropriety in the way the 66-year-old Mr. Murdoch has done business as he has risen from obscure press baron to the global village's de facto communications minister. The international tax and accounting strategies employed by News Corp. may, in fact, make Mr. Murdoch a model for the 21st-century entrepreneur — a captain of industry who operates under so many flags at once that it is hard to know where his allegiances lie or how his businesses function.

News Corp., in its most recent financial year, reported paying $103 million in worldwide taxes on operating income of $1.32 billion, according to company documents, an effective tax rate of 7.8 percent.

By contrast, Walt Disney Co.'s effective tax rate was 28 percent. Viacom Inc., parent of MTV and Paramount Pictures, paid 22 percent. Time Warner Inc., a U.S. media and entertainment company of roughly the same size as News Corp., paid taxes at a 17 percent rate.

That pattern has persisted through the 1990s. News Corp.'s tax rate has averaged 5.7 percent in this decade, while



Clark Jones/The Associated Press

Rupert Murdoch, media mogul.

those of Walt Disney, Time Warner and Viacom have averaged from 27.2 percent to 32.5 percent.

Whereas Mr. Murdoch became a naturalized U.S. citizen in 1985, News Corp. remains incorporated in Australia. Consequently, it is not clear how much — if any — of News Corp.'s income tax payment last year went to the U.S. Treasury, despite such highly profitable American

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AGENDA

Czech Coalition Will Hold Talks

PRAGUE (Reuters) — President Vaclav Havel will call upon Deputy Prime Minister Josef Lux on Monday to lead talks on the formation of a new government, the Czech news agency CTK reported Sunday.

Mr. Lux leads the Christian Democratic Union-Czechoslovak People's Party, the junior partner in the governing coalition. The three partners in the government of Prime Minister Vaclav Klaus, who resigned Nov. 30 over a funding scandal, have agreed to try to form an administration. But most analysts say that, with the three parties deeply divided, any new government will probably be short-lived, and that elections are inevitable.

Mr. Havel acknowledged earlier Sunday that the country appeared headed for early elections.

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Clinton Orders Changes In Nuclear-War Strategy

Plan Aims for Deterrence and Not 'Victory'

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — President Bill Clinton issued new guidelines last month for the targeting of U.S. nuclear weapons, jettisoning a Cold War dictum that the military must be prepared to win a protracted nuclear war that would devastate the globe, senior administration officials say.

The orders to the Secretary of Defense and chairman of the Joint Chiefs of Staff require instead that the military aim its nuclear forces to deter the use of nuclear weapons against U.S. forces or allies simply by threatening a devastating response, and drop any planning for a long nuclear war, the officials said.

Mr. Clinton's highly classified directive replaced one signed by President Ronald Reagan in 1981, and marked the first time since the end of the Cold War that nuclear targeting guidance issued at the presidential level formally recognizes that no nation would emerge as the victor in a major nuclear exchange, the officials said.

But the directive nonetheless calls for U.S. war planners to retain long-standing options for nuclear strikes against the military and civilian leadership and nuclear forces of Russia. Such planning reflects a widespread view among military officials in both nations that each side still poses a potential nuclear threat to the other — even though Washington has proposed to give Moscow $242 million in foreign aid next year.

Several officials said the directive's language further allowed targeters to broaden the list of sites that might be struck in the event of a nuclear exchange with China. In addition, the officials said, the directive contained language that would permit U.S. nuclear strikes after enemy attacks using chemical or biological weapons, an idea that has been hotly debated by independent arms-control experts.

Mr. Clinton's action marks the first formal adjustment in 16 years of presidential policy for the targeting of U.S. nuclear weapons and could pave the way for further reductions in the total number of such weapons by requiring that fewer be held in reserve for a protracted war, several senior officials said.

But they added that the directive reflected more continuity than change in the military's effort to ensure that its strategic nuclear weapons were ready to use at a moment's notice, an effort that costs an estimated $33 billion a year.

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Hopes for a Czech 'Miracle' Evaporate

Prime Minister's Fall Highlights Grim Reality: It's a Long Road to Reform

By Lee Hockstader
Washington Post Service

PRAGUE — Mark Sanders is an American investment fund manager who lives in the Czech Republic, is married to a Czech and, except for a hiatus at Stanford business school, has spent most of his time in Prague since the collapse of communism in 1989.

But when he searches Eastern Europe looking for places to invest the money he manages, there is one place he generally avoids: the Czech Republic. Of the $32 million in his portfolios, scarcely $1 million is here.

"The Czech miracle of low inflation, low unemployment and a growing economy was illusory," said Mr. Sanders, managing director of Wood & Co. Funds here. "The fact is that in many ways they've never really begun to reform."

For months, analysts have known that not all was right in the land that once could do no wrong. There were bank failures, stock market scams, trade deficits, scandals and stuttering growth.

But this week it all came crashing home to ordinary Czechs — not in the form of more gloomy statistics but in the fall of the man most closely identified with one of Eastern Europe's most celebrated success stories: Prime Minister Vaclav Klaus.

Mr. Klaus, who resigned Nov. 30 amid scandal and a slumping economy, was the supremely confident prime minister adored in the West for his Thatcherite resolve and homilies dedicated to the theology of capitalism. His resignation shattered the myth of his political genius, along with any lingering belief in the Czech economic miracle. In its place is a grim new realization that the hard work of reform has a long way to go.

So unbending was Mr. Klaus's trust in the market's "invisible hand" that he once intimated that as far as he could tell, there was no such thing as dirty money. More than two years ago, he declared the Czech free-market transition nearly complete.

It wasn't.

To economists, the decline of Mr. Klaus and the parallel slump in the Czech economy are object lessons in the perils that persist for Europe's post-communist economies. They say Mr. Klaus's error was to embrace an absolutist vision of unfettered capitalism, with all the attendant distrust for anything that smacked of state interference.

Yet even as he preached the gospel of the market, Mr. Klaus presided over a government that did little to see that it stayed healthy. Reform proceeded in half steps; the unregulated stock market was safe sailing for pirates only; wages rose three times faster than production, and an economy that had been growing

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Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 QR
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

U.S. Airman Still in Iraq? Pentagon Refused to Look

By Tim Weiner
New York Times Service

WASHINGTON — Four years ago, a hunter looking for wild game in western Iraq stumbled across the ruins of an American jet fighter.

It was the missing navy F-18 piloted by Lieutenant Commander Michael Scott Speicher, the first American lost in the 1991 Gulf War and the only one whose fate remains unknown. The Pentagon, alerted by the hunter, sent a spy satellite over the site. It "detected a man-made symbol in the area of the ejection seat," Pentagon documents say.

Some senior officers thought Commander Speicher might have survived the crash. They said they had a moral obligation to bring him back, dead or alive, no matter how long it took.

Special-operations soldiers planned a secret mission to scour the site. Their chances of success were high, they said, and the risks of an Iraqi response very low. But Pentagon leaders balked, fearing that the risks outweighed the rewards.

General John Shalikashvili, then chairman of the Joint Chiefs of Staff, vetoed the plan, saying, "I do not want to have to write the parents and tell them that their son or daughter died looking for old bones," according to officials who witnessed the general's statement in December 1994.

General Shalikashvili, now retired, confirmed his decision and its rationale on Friday. "There was no overwhelming need to put our soldiers at risk to covertly search a three-year-old crash site," he wrote.

To advocates of the secret mission, his decision reflected the agonies of an army trying to do its duty without risking its soldiers.

"This mentality of 'no losses' has more ramifications than people realize," said one general officer who requested anonymity. "The idea we can do everything so well that we shouldn't ever suffer a loss or casualty invades everything. It keeps you from doing what's necessary."

The advocates of the mission said the obligation to look for a fallen comrade should have outweighed the risk of casualties.

"The warriors believed they had a responsibility," said Stan Arthur, who retired as a four-star admiral after leading allied naval forces in the Gulf War. "You lose one of your own, you go

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Missing: Michael Scott Speicher

'Golf, Golf, Golf' / **A President at Rest?**

A More Mellow Clinton Gives the Impression of Coasting

By Richard L. Berke and John M. Broder
New York Times Service

WASHINGTON — President Bill Clinton's friends and associates marveled for years at the zest with which he delved into the minutiae of policy and the latest blips of opinion polls. Now, major figures in government say they are struck by the degree that Mr. Clinton drifts into soliloquies about another longtime passion, golf.

That Mr. Clinton's restless, voracious mind is wandering to the golf course is cited by some of his closest associates as a small yet telling example of how the presidency is not engaging him in the way it did during his first term.

In interviews, some of Mr. Clinton's closest friends and advisers inside and outside the White House, as well as authorities on presidential politics, agreed: Even with three years remaining, there was a conspicuous sense that Mr. Clinton was no longer consumed by big ideas and the prospect of major battles ahead. Liberals and moderates alike described Mr. Clinton as trapped in a risk-averse, aimless administration of his own making.

Yet the portrait of a listless, distracted president conceals a more complex reality. Mr. Clinton is far more in command and comfortable in his role. With more than 30 years of elections behind him, Mr. Clinton also believes that many of his goals have been achieved, and he has less of a sense of urgency and is more mindful of the realities of divided government.

In an interview last week, Mr. Clinton countered his critics by previewing what he described as his ambitious agenda for the next three years on matters ranging from education to health care to the environment to foreign policy. If the policy question is "a big issue," he said, "I'm just as involved as I ever was."

The president conceded that anyone in his job would be captive to the times. "Presidents are the custodians of the time in which they live as well as the instruments of the visions and dreams they have," Mr. Clinton said, sitting beneath a portrait of George Washington in the Oval Office. "So the first thing *I* had to start with was, you know, we don't have a war, we don't have a depression, we don't have a Cold War.

"But," he went on, "what we do have is a breathtaking change going on as the economy and the societies in which we live become more globalized, as the information-technology revolution continues to accelerate and as the world faces a whole new set of security threats as well as opportunities."

Others in Mr. Clinton's circle describe something of a second Eisenhower era, an era of economic good times and don't-rock-the-boat domestic policy. Indeed, Mr. Clinton has been frequently indulging in bouts of syrupy nostalgia and has slowed the pace of his day to allow more time for reflection — whether on weighty matters or on golf.

"It's golf, golf, golf — interspersed with politics," said Senator John Breaux, Democrat of Louisiana. Referring to the president's change in focus, he said, "He realizes you can't do everything at once; he's willing to accept smaller, incremental victories."

Further blurring his focus, Mr. Clinton is distracted by a flood of accusations about fund-raising abuses in his last campaign that are certain to dog him for the remainder of his tenure.

Another new reality for Mr. Clinton is that he is surrounded by a restless staff of aides who have either grown bored with their jobs or have been at the White House for far shorter tenures than the president. Some of his associates described a cautious White House of fewer sharp ideological debates than in the first term.

Dick Morris, the architect of Mr. Clinton's re-election campaign last year, has been more critical of the president since Mr. Morris resigned in August 1996 in a scandal involving his relationship with a prostitute. "Everybody wondered after the election whether he'd go to the left or to the right," Mr. Morris said. "Nobody thought he'd go to sleep."

Asked why several people described a sense of aimlessness in the White House, Mr. Clinton shrugged and said, "Beats me," and recited a list of accomplishments this year, including the balanced budget agreement, an increase in education aid, reforms at the Food and Drug Administration and the proposed expansion of the North Atlantic Treaty Organization.

Aimless or not, there is wide agreement that Mr. Clinton is embarking on a new, uncharted stage of his presidency, one that some Democrats described as a fourth term because the past five years can be divided into distinct periods: the shakedown cruise of 1993-94 in which the White House swerved from crisis to crisis, culminating in the collapse of the president's ambitious health care proposal and the Republican takeover of Congress; the starkly partisan confrontation over the budget in the next two years, and Mr. Clinton's political recovery and cooperation with the Republican-controlled Congress in 1996 and 1997.

MR. CLINTON is still devising an approach for this new fourth term. Aides said the president was constructing a new definition of the term "social security," by trying to stitch together a variety of medium-sized policies aimed at families into one big thought.

Mr. Clinton said in the interview that "there will be a lot to do" — and spoke of several goals for the next three years.

He first cited education, saying he would continue to push for national standards in testing, rebuilding schools and providing technology to schools. He then moved on to describing ways to improve family life, like "broader family leave" measures, efforts to expand health care coverage, extend the Social Security system and improve race relations. He also previewed an agenda on the environment, food safety, biomedical research and a "huge foreign policy agenda" designed to "create a global system where the democracies of the world are cooperating more with shared markets."

Mr. Clinton did not cite any single issue as his overriding priority for the next three years. And advisers shrugged rather than try to surmise how the second term would be remembered.

Robert Strauss, an elder statesman in the Democratic Party who advises Mr. Clinton, said: "I think he's got a lot of problems ahead. Within and without the White House he's not long in talent around him. Everybody's going to want to take a shot at him in the next election. With two years to go, why not pile on? But he's not going to be an easy mark; this guy's smart and he's tough."

Vice President Al Gore, when asked aboard Air Force Two late one night recently to comment on the state of the Clinton presidency, did not have to be reminded of the outpouring of criticism recently that Mr. Clinton had become a lame duck. Mocking such talk, he flapped his arms and squawked, "Quack, quack, quack."

Mr. Gore then returned to his cabin to contemplate the question. Later, an aide returned with Mr. Gore's hand-written response:

"I remember when some columnists and pundits decided in late 1994 that the president might no longer be 'relevant.' They even asked him at a press conference whether he thought he had any remaining relevance. Less than a year later he had single-handedly forced both houses of Congress to back down and reopen the government — twice — abandon most of their 'Contract With America' and instead adopt virtually all of his priority measures.

"Anyone," Mr. Gore continued, "who decides in late 1997 that the president's 'relevance' is in any doubt is making the same silly mistake all over again."



Mr. Clinton walking across the South Lawn of the White House. For many, the president seems to have lost the verve of his first term. With three years remaining in his second term, there is a sense that he is no longer consumed by big ideas and the prospect of major battles. Many observers describe Mr. Clinton as trapped in a risk-averse, aimless administration. The apparent listlessness, however, may reflect the fact that he is in greater command and more comfortable in his role.

Mark Wilson/Reuters

Tiring Times on the Fund-Raising Night Shift

By Peter Baker and Ruth Marcus
Washington Post Service

WASHINGTON — By the time President Bill Clinton took the microphone at Lino's restaurant in Chicago, it was already 9:40 P.M. and he sounded worn out. Waiting were 100 supporters who paid thousands of dollars each to hear the president, and Mr. Clinton dutifully launched into his standard fund-raising spiel.

But his voice was soft and listless, his thoughts rambling. The audience Wednesday appeared only mildly interested. Even Mr. Clinton seemed bored and ready to go home. He had just delivered virtually the same speech to another group of deep-pocketed donors at the nearby Navy Pier. Only a few nights before, he addressed two other Democratic fund-raisers, and he had five more coming up in the next week. On this leg of the money marathon, the bedraggled chief executive would not get back to the White House until 2 in the morning.

For a politician who has run his last campaign, Mr. Clinton is devoting an extraordinary amount of time to the fund-raising circuit these days as he struggles to lift his party out of a financial sinkhole into which it has fallen, in large part because of Mr. Clinton's 1996 re-election race. Lately, the president seems like an office worker who has taken a second job at the mall to pay off the credit card bills, working the day shift as chief executive and the night shift as fund-raiser.

When the president returns from a fund-raising swing Thursday, he will have headlined 27 lunches, dinners and receptions in 13 cities in the last six weeks, bringing in well over $10 million for Democrats. By all accounts, no other second-term president has matched this relentless pace.

"At times, I don't know how he does it," said Douglas Sosnik, the presidential counselor who accompanies Mr. Clinton on most trips.

Though Mr. Sosnik insists that Mr. Clinton thrives on the personal contact, the schedule appears to be getting to him.

On his way to Vancouver for the Asia-Pacific Economic Cooperation forum meeting last month, Mr. Clinton stopped in Denver and Seattle for four cash-generating events on the same day.

"He's been probably to more fund-raisers and raised more money than any president I can think of," said Harold Ickes, a former White House deputy chief of staff, who engineered Mr. Clinton's money machine for the 1996 campaign. "I'm sure he's tired of it, but it comes with the territory."

In some ways, it is a dilemma of Mr. Clinton's own making. The pressure for money for party advertising that boosted his re-election effort led to the fund-raising abuses that led to the investigations that led to the massive attorney fees and a demoralized donor base.

As a result, the president faces the Sisyphean task of whittling away at the Democratic National Committee's debt, which has been trimmed by about $2 million to $13.2 million, even as the legal bills — $11 million so far — continue to pile up.

The situation has been compounded by the fact that Mr. Clinton's appearances have not drawn as much cash as might be expected — only an average of $450,000 recently. That is about half of what some Democratic fund-raisers think Mr. Clinton ought to attract, a shortfall they attribute to drained donors who either have been squeezed for as much as they can provide or who are shying away from the publicity that big gifts have attracted in the wake of the fund-raising controversy.

Charles Jones, a professor at the University of Wisconsin who has studied presidents' use of their time, said he believed Mr. Clinton was "doing much more than previous presidents" to solicit contributions, despite a slow start in his administration.

Democrats said Mr. Clinton was responding to the increased demand for cash in the modern political world, which has made a nonstop fund-raising cycle an unfortunate but inevitable fact of presidential life.

"Wake up and see reality," Michael McCurry, the White House press secretary, said last week when asked about Mr. Clinton attending fund-raisers on the day before and the day after Attorney General Janet Reno rejected an outside investigation of his fund-raising. "Reality is that campaign spending is running somewhat out of control and that Republicans are outspending Democrats 5 to 1. So just get used to it because the president is going to have to do a lot more of it unless we secure campaign finance reform."

According to some of his advisers, Mr. Clinton feels a responsibility to help the party find a way out of its troubles, if for no other reason than self-interest. If Democrats fare poorly in next year's congressional elections, it could make it nearly impossible to push through significant legislation in the final half of his second term. Should a crippled party doom Vice President Al Gore's chances of succeeding Mr. Clinton in 2000, it could tarnish Mr. Clinton's legacy as well.

Race Forum Goes Private In Dallas for Blacks Only

By Howard Kurtz
Washington Post Service

WASHINGTON — An initiative that President Bill Clinton has billed as an effort to engage the country in a frank dialogue on race relations moved to Dallas in the form of a closed-door meeting with only blacks invited.

The community forum, among the first in a wave of meetings being used to revive an initiative widely criticized as lackluster, was moderated by Transportation Secretary Rodney Slater, one of the administration's highest-ranking black officials.

Sylvia Mathews, the White House deputy chief of staff who oversees the initiative, said: "Based on the facts I know, this *is* an isolated incident that won't be repeated."

Mr. Slater's deputy public affairs director, William Schulz, said his boss saw the meeting "as an opportunity to have a discussion on the race initiative."

"Frankly, the secretary views the gathering as a missed opportunity to widen the discussion to a larger audience," he said. At the time, Mr. Slater did not appear to object to the exclusionary approach. He said in an interview with The Dallas Morning News that he would have welcomed people of different races but that "from our vantage point, it could be either way."

It was the second time in recent weeks that the Clinton administration's initiative had come under fire for an overly narrow approach. After criticism from Republicans and others that Mr. Clinton's advisory commission on race included only supporters of affirmative action and was reluctant to hear from opponents, the White House invited the author Abigail Thernstrom to offer a conservative perspective at a town hall meeting led by Mr. Clinton on Wednesday in Akron, Ohio.

The exclusion of other racial and ethnic groups from the meeting Friday at the African American Museum of Life and Culture in Dallas sparked similar concerns. Mr. Schulz said the guest list and the private venue had been determined by Judge Vonceil Hill of the Dallas Municipal Court, whom he described as a close friend of Mr. Slater's.

The meeting was originally planned as "an informal gathering," Mr. Schulz said, but in recent days the invitation list was expanded, and Mr. Slater decided to use the session to discuss the president's race initiative. "That simply didn't get communicated" to the organizers, Mr. Schulz said.

Judge Hill, however, has described the 35 people she invited as "community leaders," including elected officials, such as Representative Eddie Bernice Johnson, Democrat of Texas, business executives and educators. As for the racial makeup, Judge Hill told The Dallas Morning News: "I don't believe the president has indicated that every dialogue must start in the same way."

Critics denounced the decision to exclude other racial and ethnic groups.

"I'm just flabbergasted," said Ms. Thernstrom, who debated Mr. Clinton on affirmative action at the University of Akron meeting. "Of course this doesn't help race relations, it poisons them. There's no difference between a meeting that excludes blacks and a meeting that excludes whites. It's totally unacceptable."

It remains unclear why Mr. Slater agreed to preside over a blacks-only meeting in Dallas, where racial tensions have increased in recent months in battles involving public housing and area schools. Asked several times whether Mr. Slater had objected to the invitation list, Mr. Schulz said only that the secretary regarded it as a lost opportunity and hoped to hold a larger session on race in Texas.



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TRAVEL UPDATE

BA Won't Let Drunks on Board

LONDON (AFP) — British Airways said Sunday it would refuse to let inebriated passengers on board and would limit alcohol consumption during flights.

To decrease the number of violent incidents involving intoxicated passengers, BA crews will also be allowed to confiscate alcohol bought in duty-free shops, the airline said.

Flights Decline After Luxor Attack

CAIRO (AFP) — Flights to Egypt have fallen by a quarter since the Luxor massacre, newspapers reported Sunday. Half of domestic flights were also canceled after the attack Nov. 17, said Abdel Fattah Kato, the civil aviation chief. The daily Al Wafd reported an EgyptAir official saying the airline's losses could reach 500 million Egyptian pounds ($150 million).

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Andorra, Argentina, Austria, Brazil, Chile, Colombia, Costa Rica, Guam, Italy, Liechtenstein, Macau, Malta, Monaco, Panama, Paraguay, Peru, Portugal, San Marino, Seychelles, Spain, Vatican City, Venezuela.

TUESDAY: Tanzania.

WEDNESDAY: Equatorial Guinea, Namibia, Thailand.

THURSDAY: Burkina Faso.

FRIDAY: Kenya, Mexico, Russia.

SATURDAY: Malta, Sri Lanka.

Sources: J.P. Morgan, Bloomberg

WEATHER

Europe

	Today High	Today Low W	Tomorrow High	Tomorrow Low W
	C/F	C/F	C/F	C/F
Algarve	17/62	13/55 r	19/66	13/55 pc
Amsterdam	8/46	7/44 c	8/46	7/44 pc
Antwerp	11/52	4/39 sh	8/43	-3/27 r
Athens	11/52	7/44 r	11/52	6/43 c
Barcelona	12/53	7/44 c	11/52	6/43 s
Belgrade	2/35	-4/25 pc	4/39	-1/31 pc
Berlin	8/46	6/43 c	8/46	5/41 sh
Brussels	8/46	8/46 c	8/46	7/44 c
Budapest	3/37	-1/31 pc	4/39	2/35 c
Copenhagen	8/46	6/43 c	8/46	4/39 c
Costa Del Sol	17/62	12/53 sh	19/66	11/52 pc
Dublin	10/50	7/44 sh	13/55	8/46 sh
Edinburgh	10/50	7/44 r	8/46	6/43 r
Florence	10/50	6/41 pc	9/48	5/41 sh
Frankfurt	8/46	5/41 c	7/44	4/39 sh
Geneva	5/41	3/37 sh	5/41	1/34 r
Helsinki	4/39	0/32 sh	4/39	1/34 c
Istanbul	12/53	7/44 r	7/44	2/35 c
Kiev	-3/27	-9/16 pc	-4/25	-7/20 pc
Las Palmas	23/73	17/62 s	23/73	18/66 pc
Lisbon	18/61	9/48 r	18/61	12/53 pc
London	13/55	6/43 sh	11/52	9/48 c
Madrid	11/52	2/35 c	11/52	4/39 pc
Mallorca	16/61	7/44 c	15/59	6/43 pc
Milan	7/44	2/35 c	5/41	1/34 sh
Moscow	-4/25	-9/16 sf	-4/25	-8/22 c
Munich	8/46	3/37 sh	4/39	1/34 r
Nice	13/55	9/48 c	13/55	7/44 sh
Oslo	3/37	1/34 sn	5/41	2/35 t
Paris	8/46	6/43 sh	7/44	4/39 c
Prague	6/43	3/37 sh	6/43	3/37 r
Reykjavik	0/32	-2/28 pc	2/35	-1/31 sn
Riga	3/37	0/32 c	4/39	1/34 c
Rome	12/53	4/39 s	11/52	5/41 sh
St. Petersburg	0/32	-1/31 sn	3/37	-1/31 c
Stockholm	6/43	3/37 c	6/43	3/37 c
Strasbourg	8/46	4/39 sh	8/46	3/37 sh
Tallinn	4/39	1/34 c	4/39	2/35 c
Tbilisi	14/57	9/48 sh	16/61	9/48 r
Venice	7/44	3/37 sh	9/48	3/37 sh
Vienna	6/41	2/35 sh	6/43	3/37 r
Warsaw	3/37	2/35 t	4/39	3/37 sh
Zurich	7/44	4/39 sh	6/43	2/35 r

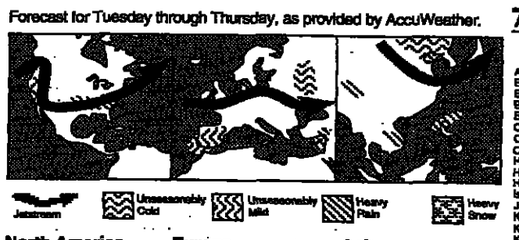
Middle East

Abu Dhabi	26/79	14/57 s	27/80	18/61 s
Beirut	24/75	14/57 s	17/62	13/55 r
Cairo	24/75	9/48 s	20/68	9/48 s
Damascus	22/71	8/46 s	14/57	7/44 r
Jerusalem	21/70	7/44 s	19/66	4/39 pc
Luxor	31/88	6/43 s	26/77	4/39 s
Riyadh	24/75	10/50 s	27/80	13/55 s

Africa

Algiers	16/61	8/46 s	14/57	6/43 r
Cape Town	28/79	16/61 s	24/75	14/57 pc
Casablanca	18/64	10/50 pc	19/66	12/53 s
Harare	29/79	11/52 sh	23/73	8/46 sh
Lagos	31/88	23/73 pc	30/86	23/73 pc
Nairobi	28/79	14/57 sh	27/80	13/55 pc
Tunis	14/57	8/46 pc	14/57	6/43 c

Forecast for Tuesday through Thursday, as provided by AccuWeather.



North America
Soaking rain in the southern Plains Tuesday will move to the mid-Atlantic states by Thursday. Dry with some sun in New York Tuesday, but it may rain or snow by Wednesday. Dry and warmer in Southern California and the Northwest. Dry and milder in the northern Plains.

Europe
Partly sunny and milder in London and Paris Tuesday and Wednesday, then windy and cooler with rain Thursday. Mostly sunny and nice in southern France and Spain. There may be some showers in Rome Tuesday, but southeastern Europe will be dry and chilly. Cold with snow and flurries in Moscow.

Asia
Cold with snow and flurries in Beijing Tuesday, but turning a little milder by Thursday. A strong cold front will plunge south past Hong Kong and across the South China Sea, causing soaking rain across Luzon and Vietnam. Mild with rain in Tokyo Tuesday, then colder Wednesday and Thursday.

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, I-ice, W-weather.

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Asia

	Today High	Today Low W	Tomorrow High	Tomorrow Low W
	C/F	C/F	C/F	C/F
Almaty	7/44	-4/25 pc	6/43	-3/27 pc
Bali	32/89	22/71 t	33/91	22/71 pc
Bangkok	31/88	17/62 pc	29/79	17/62 pc
Beijing	-2/29	-13/9 pc	-7/20	-12/11 s
Bombay	29/82	18/64 pc	29/84	18/61 s
Calcutta	25/77	17/62 pc	23/73	18/64 c
Chiang Mai	26/79	13/55 sh	23/73	13/55 c
Colombo	27/80	25/77 t	28/82	24/75 r
Hanoi	16/61	9/48 pc	18/61	8/46 pc
Ho Chi Minh	32/89	21/70 pc	30/86	21/70 sh
Hong Kong	19/61	11/52 c	15/59	9/48 pc
Islamabad	24/75	7/44 pc	21/70	6/43 pc
Jakarta	29/84	23/73 r	30/86	23/73 r
Karachi	29/82	12/53 s	29/84	13/55 s
K. Lumpur	32/89	22/71 sh	31/88	22/71 r
K. Kinabalu	29/84	23/73 sh	28/82	23/73 sh
Manila	30/86	21/70 pc	29/84	21/70 pc
New Delhi	21/70	9/48 r	18/64	7/44 sh
Phnom Penh	31/88	19/66 pc	29/82	19/66 c
Phuket	31/88	17/62 pc	28/79	17/62 pc
Rangoon	31/88	19/64 pc	29/82	18/61 pc
Seoul	3/37	-9/16 sn	-4/25	-14/7 pc
Shanghai	6/43	-3/27 pc	5/41	-4/25 s
Singapore	29/84	22/71 r	28/82	22/71 r
Taipei	17/62	12/53 r	15/59	9/48 sh
Tokyo	22/71	10/50 s	19/66	11/52 sh
Vientiane	26/79	11/52 pc	24/75	9/48 pc

North America

Anchorage	-8/18	-9/16 c	-2/29	-9/22 sn
Atlanta	3/37	2/35 sh	10/50	5/41 c
Boston	6/43	-3/27 s	5/37	-3/29 pc
Chicago	3/37	-3/27 c	2/35	-3/27 sn
Dallas	20/68	7/44 pc	14/57	2/35 pc
Denver	4/39	-9/16 pc	2/35	-10/15 c
Detroit	3/37	-2/29 c	3/37	-3/27 c
Honolulu	28/79	19/64 pc	28/79	19/64 pc
Houston	21/70	11/52 pc	16/64	7/44 pc
Los Angeles	17/62	3/37 sh	18/64	3/37 s
Miami	22/71	13/55 pc	28/82	21/70 pc
Minneapolis	-2/29	-4/25 c	-1/31	-8/22 c
Montreal	0/32	-10/15 pc	-1/31	-9/16 pc
Nassau	29/73	19/66 pc	28/82	22/71 s
New York	7/44	-1/31 s	4/39	0/32 pc
Orlando	19/66	8/46 pc	24/75	15/59 pc
Phoenix	14/57	3/37 pc	13/55	1/34 pc
San Fran.	15/59	4/39 sh	11/52	3/37 s
Seattle	6/43	1/34 sh	6/43	1/34 pc
Toronto	4/39	-6/22 pc	3/37	-6/22 c
Vancouver	6/43	1/34 r	3/37	-1/31 pc
Washington	8/46	-1/31 s	6/43	1/34 c

Latin America

Buenos Aires	29/84	17/62 s	29/84	18/61 pc
Caracas	28/82	18/64 pc	27/80	20/68 t
Lima	25/77	21/70 sh	26/79	21/70 c
Mexico City	24/75	8/46 pc	22/71	10/50 s
Rio de Janeiro	29/84	20/68 t	24/75	20/68 pc
Santiago	33/89	9/48 s	29/84	10/50 s

Oceania

Auckland	16/61	15/59 r	21/70	13/55 r
Sydney	25/77	18/64 pc	26/79	21/70 r

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THE AMERICAS

Cracking Down on Young Smokers

By Barry Meier
New York Times Service

NEW YORK — As Congress prepares to consider legislation intended to reduce tobacco use by youths in the United States, cities, states and schools increasingly are taking measures to crack down on what they see as a major cause of the problem: the young people themselves.

Over the past year, Florida, Idaho, Minnesota, North Carolina and Texas have passed laws that could result in stiff penalties for minors who try to buy or possess cigarettes or chewing tobacco. Those convicted of such offenses could lose their driver's licenses, face fines of as much as $1,000 or even be imprisoned for as long as six months.

Some cities, meanwhile, are using undercover police officers to catch youths who smoke, and some schools that test students for substances such as marijuana are also screening them for nicotine.

The new measures follow repeated failures in recent years to halt the growth in tobacco use among minors through educational programs and other measures. But while some opponents of smoking support a tougher approach toward young people, others see the new state laws, many of which are backed by the tobacco industry, as a draconian response to a custom that was once considered a teenage rite of passage.

"These sound like a fairly stringent attack on the problem," said Kenneth Warner, a professor at the University of Michigan School of Public Health and a specialist on youth smoking.

Proponents of a proposed $368.5 billion settlement over the health-care costs of smoking reached in June between tobacco companies and state attorneys general say the settlement contains several measures that would be expected to reduce the number of young people who smoke.

Those include banning tobacco advertising on billboards and in some magazines, removing cigarette vending machines, ending tobacco companies' sponsorships of sporting events and concerts and ending the sale of products such as clothing that carry brand names of cigarettes or chewing tobacco.

But many of those opposed to smoking also have said that smoking among teenagers will decline only if the cost of cigarettes rises by far more than the additional 70 cents a pack called for under the proposed settlement. Some, such as Mr. Warner, have called for an increase of $2 a pack.

Teenage smoking rates are lower than they were three decades ago. But the Centers for Disease Control and Prevention has estimated that 35 percent of high school students are cigarette smokers, and a University of Michigan survey called Monitoring the Future, which follows teenage smoking trends, has found steady increases in recent years in the number of minors who regularly use tobacco.

Every U.S. state and the District of Columbia have laws that ban the sale of tobacco products to minors, although public-health specialists have said that such laws are ineffective because they are poorly written, rarely enforced or both. In the past, cities and states also have fined minors caught with cigarettes, though the penalties have been small.

But some of the new state laws, which also stiffen penalties on those who sell tobacco products to youths, now hold young people as responsible as adults for violating tobacco laws, said Sarah Perez, a policy analyst with the National Conference of State Legislatures.

"The laws we have seen this year flip things upside down and penalize the minor as well as the retailer," Ms. Perez said.

Some anti-smoking activists argued that the tobacco industry, after years of making cigarettes attractive to youths, was supporting the new laws to blame young people for using their products. But others, while not endorsing the statutes, say some blame for youth smoking must fall on all involved.

"My personal point of view is that there has to be some responsibility on the part of the kids," said Bill Novelli, president of the National Center for Tobacco-Free Kids, an advocacy group based in Washington.

POLITICAL NOTES

Centrist Democrats Angry at Gephardt

WASHINGTON — When the House minority leader, Richard Gephardt, laid out his populist vision for the Democratic Party last week, he said he wanted to begin "a great debate."

He appears to have succeeded beyond his wildest dreams.

The Missouri Democrat's sometimes caustic speech challenging centrists, including President Bill Clinton and Vice President Al Gore, has sparked angry responses from some House Democrats.

They say Mr. Gephardt is dividing the party for his own political ambitions and is threatening Democrats' hopes of reclaiming the House next year by giving the party a too-liberal tinge.

The speech also triggered a flurry of verbal barrages from the White House, although Mr. Clinton and Mr. Gephardt declared a truce in a Thursday-night telephone call.

"If the strategy is one of moving further to the left, we've had that debate — it was called the 1994 Republican landslide," said Representative Timothy Roemer of Indiana, a leader of the New Democrat Coalition, a group of centrist lawmakers.

"The 'New Democrats,' as he calls them, are precisely the people who represent the seats he needs to capture in 1998 if he wants to be speaker of the House," Representative James Moran, Democrat of Virginia, said of Mr. Gephardt.

"For Dick Gephardt to seek to emphasize differences within the Democratic Party is criminal," fumed another House Democrat. "He needs to be uniting the party, not dividing it."

Other, more liberal Democratic lawmakers, however, who have been frustrated by Mr. Clinton's centrist approach, were cheered. "It was a terrific speech," said Representative David Obey of Wisconsin. "Our party cannot win by being bloodless, our party cannot win by being tactical."

House campaign officials privately expressed fears that Mr. Gephardt's scorn for the more moderate approach could hurt the party's hopes of winning back the House by alienating and marginalizing moderate, suburban lawmakers — and candidates — in swing districts. *(WP)*

Brown Wins Election For Houston Mayor

HOUSTON — Lee Brown, the former big-city police official who also served as the federal drug-fighting czar, has become the first black mayor of the nation's fourth-largest city.

Despite early predictions that Mr. Brown would win easily, by as much as 10 percentage points perhaps, the contest with Rob Mosbacher, a wealthy Houston businessman, was exceptionally tight. With all the precincts counted in Saturday's runoff election, Mr. Brown had 53 percent of the vote to 47 percent for Mr. Mosbacher.

Mr. Brown's success probably had a great deal to do with the Hispanic vote, which both candidates admitted was crucial. Early estimates were that Hispanics were voting for Mr. Brown over Mr. Mosbacher by 2-to-1 margin. *(WP)*

Quote/Unquote

President Clinton, in effect disavowing a New York Times report, based on an interview with him, that said he was considering reducing taxes as part of his budget proposal to be unveiled early next year: "No, I don't believe that's a fair interpretation of what I said yesterday in my comments. I don't think I should give you any false expectations there. I can't say yes, I can't say no. I wouldn't rule out that I might find something that I think would work, but I don't have an idea on the griddle." *(Reuters)*

Republicans Keep Pressure on Reno

By Brian Knowlton
International Herald Tribune

WASHINGTON — Republicans served notice Sunday that they would not let the focus on possible campaign-finance abuses fade, despite Attorney General Janet Reno's finding that fund-raising calls by President Bill Clinton and Vice President Al Gore did not require investigation by an independent counsel.

The chairman of the Senate Judiciary Committee, Orrin Hatch of Utah, said that he would call on the FBI director, Louis Freeh, to conduct an independent investigation of possible fund-raising abuses.

Separately, Representative Dan Burton of Indiana said that if Ms. Reno did not provide a copy of a memorandum from Mr. Freeh, in which he argued for an independent counsel, Mr. Burton might seek a contempt citation.

The Government Reform and Oversight Committee, of which Mr. Burton is chairman, subpoenaed the memo Friday. Ms. Reno rejected the request, saying it could compromise the department's investigations, but Mr. Burton said Sunday that her refusal could trigger a "crisis."

And Senator Fred Thompson of Tennessee, whose Governmental Affairs Committee held its own hearings on campaign-finance abuses, said he would soon send information to the Justice Department that could lead to indictments on perjury charges.

Mr. Hatch and many other Republicans have harshly criticized Ms. Reno's decision not to seek the appointment of an independent counsel, saying there were ample grounds to investigate a slew of allegations up to and including a supposed conspiracy by Democratic and White House officials to circumvent federal campaign law.

There was no immediate comment from Mr. Freeh about Mr. Hatch's call for an independent inquiry by the FBI. But a ranking Democrat in the Senate, Carl Levin of Michigan, said he was certain that Mr. Freeh would resist the call.

"I don't think that Louis Freeh will succumb to the kind of pressure that is being put on him," Mr. Levin said on CNN. "I just think that Louis Freeh is going to resist the politicization of the FBI."

Ms. Reno, appearing on the CBS News program "Face the Nation," repeated her assertion that investigations were continuing and that new evidence could still trigger the independent-counsel statute. "No one has been exonerated," she said, "and I think it's important to make that message clear to everyone."

Mr. Thompson said that Ms. Reno had set "such a high threshold" that the next presidential campaign would see brazen abuses. "Nothing is going to be against the law anymore," he said.

Away From Politics

• **Cleanup crews have recovered** nearly 25,000 gallons (95,000 liters) of fuel spilled from a Japanese freighter that went aground near Dutch Harbor, Alaska. Two crewmen were killed when the 368-foot (112-meter) vessel ran aground in heavy seas on Nov. 26. The ship had 122,000 gallons of fuel aboard. *(AP)*

• **A homeless man who was sleeping** in a cardboard box in Brooklyn, New York, was killed when he was run over by a Department of Sanitation forklift, police said. *(NYT)*

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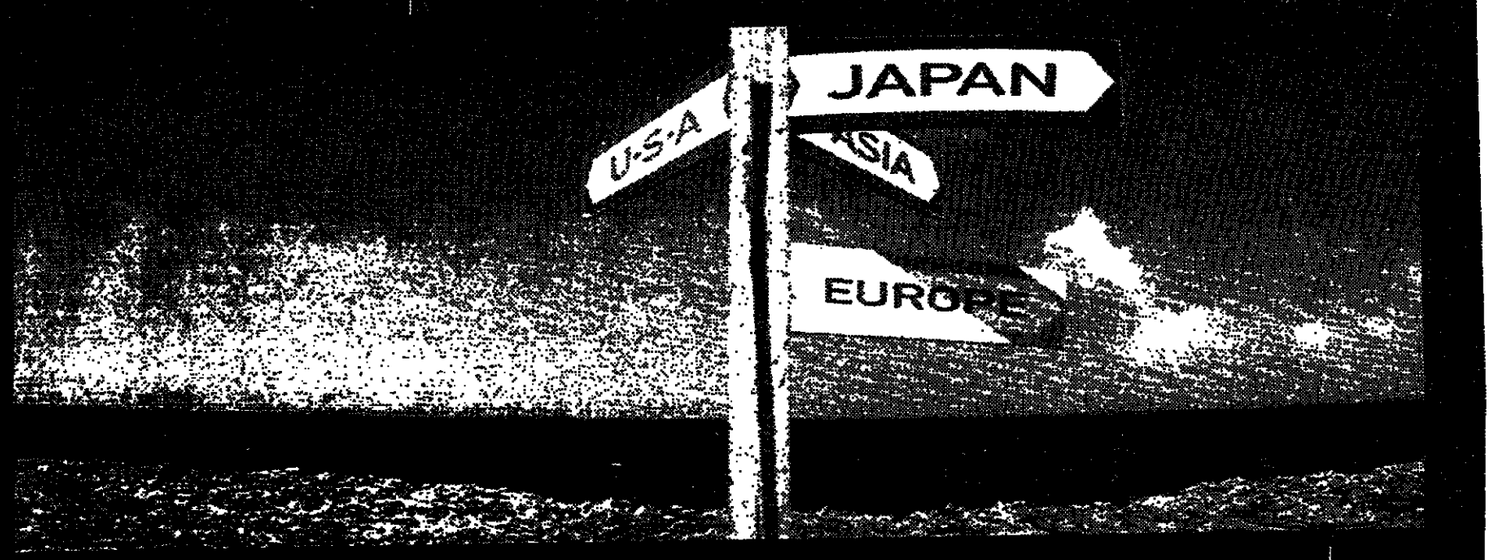
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ASIA/PACIFIC

Hong Kong Stews Over English Curb in Schools

By Edward A. Gargan
New York Times Service

HONG KONG — A simple letter, flimsy on translucent fax paper, shook the beige tile walls of St. Louis Secondary School this week, and those of 23 other high schools in Hong Kong.

"Dear Principal," the letter on the Reverend Simon Lam Chung-wai's desk began, "we are not satisfied that your school meets the requirements for the effective use of English as a medium for instruction. You should therefore adopt the mother tongue for teaching all academic subjects."

Mr. Lam shook his head slowly, holding the letter limp in his hands.

"Seventy years of history," he said. "Seventy years of history and now the school has to change to a Chinese school. This is unfair to the school."

Five months after Hong Kong reverted to China from British colonial rule, the territory's government is moving methodically to end the use of English in high schools and replace it with Cantonese. And though 95 percent of Hong Kong's 6.5 million people speak Cantonese as their first language, the government's decision has been met by a groundswell of opposition.

In this heartland of Asian commerce, the halls of finance and trade echo less with Cantonese than with English, a language that is now associated less with colonialism than with access to the global economy. English remains an official language of government; two English-language newspapers are published here, and English is the first language of Hong Kong University, the territory's premier institute of higher learning.

So important is English competence considered that an effort is being planned to recruit 700 native English-speakers to raise the standard of English instruction in the upper classes of high school.

Even so, the Hong Kong government insists that Cantonese is the wave of the future and the future starts now.

"The education department is heading toward a total teaching in the mother tongue," said Moses Cheng Mo-chi, chairman of the Hong Kong Board of Education. "But Hong Kong, being a place that is a free community where peoples' choice is respected, we have to do it gradually and at a pace that is acceptable to the community."

In the Sham Shui Po district, Lee Chi Pui, the principal of Maryknoll Fathers' School, also received a faxed letter telling him to begin teaching in Cantonese next September.

"Our school has been teaching in English for 40 years," he said. "Our current students and alumni are all really shocked by this. They feel really left out.

"I don't disagree that teaching in the mother tongue is a good thing," he continued. Here, as in the other schools affected, nearly all the students are Chinese. "From a patriotic standpoint, I think it's a good thing. But we are not a closed society. We cannot develop inwards. We have to open up to the outside world."

And at Pope Paul VI College, a high school in Kowloon, students hung banners along the school's fence demanding that the school be allowed to continue instruction in English. "Many of the girls were in tears when we announced the news of it at assembly," said the school supervisor, Sister Theresa. "They really do love this school."

Of Hong Kong's 424 high schools, 300 teach in Cantonese and 124 in English. The education department has ordered 24 of the latter to shift to Cantonese next fall, while permitting the other 100 to continue teaching in English for the time being.

The decision was based, Mr. Cheng said, on which schools were attracting students with good English, had a faculty capable of providing high-level instruction in English and had programs to assist students with English difficulties. Even parochial schools receive government subsidies in Hong Kong and are subject to government regulation.

Since the 100 schools allowed to continue operating in English include elite institutions that have produced many of the civic and business leaders who run Hong Kong today, the 24 schools that have been told to begin teaching in Cantonese can hardly avoid a sense of public demotion. And the standards used to decide which schools have to switch have been hotly disputed.

"This decision will hurt the school," complained Vincent Chan, a 17-year-old who is finishing his final year at St. Louis Secondary.

"People in Hong Kong think good students should enter English schools. Hong Kong is a business center. If you recognize that Chinese is not known around the world, how can you do business here if you don't speak English? If you have good English, you can get a good job. If you have only Chinese, you can only do business with those Chinese."

Even more, insisted a classmate, Simon Lai, the school would lose face.

"It is generally accepted that English schools are the best schools," he said during a break from a biology class. "If we cannot use English, good students will not come here. People will see us differently. People will become divided. The rich will speak English and become richer and the poor will speak Chinese and become poorer."

The English-language South China Morning Post expressed concern about the potential schism that could emerge in a society that permits fewer and fewer English-language schools.

"Parents will conclude that these schools have higher standards than the rest, whether it is fair or not," the paper said in an editorial. "The rush for places is bound to be heavy, and a new educational elite may emerge."

But Ming Pao, one of the leading Chinese-language dailies, argued that the needs of Chinese Hong Kong children would be best served by instruction in Chinese, as repeated surveys and experiments in the language of instruction appear to demonstrate.

For Mr. Lam at St. Louis Secondary, however, the question of English is more complex. "I don't object to Chinese as a medium of instruction," he said, "but what I object to is pushing us to use Chinese. The parents like the kids to be taught in English and the kids like to be taught in English. This is their right."



Connie Yuk/Reuters

Tung Chee-hwa, the Hong Kong leader, was unhurt after a tumble. He had been addressing a rally to whip up support for legislative elections.

Sounding the Alarm on New Flu Virus

Compiled by Our Staff From Dispatches

HONG KONG — A top health official here said Sunday that he could not rule out the risk that a flu virus previously unknown in humans could spread worldwide after killing two people in Hong Kong.

Two experts from the federal Centers for Disease Control and Prevention in Atlanta have flown to Hong Kong to help study the H5N1 influenza virus, which is usually confined to chickens.

Hong Kong's Health Department said in a statement late Saturday that it had discovered two new cases of the virus in humans. A 54-year-old man died and a 13-year-old girl was still hospitalized. The discovery of the latest cases brings the total to four, all of them in Hong Kong.

Paul Saw, Hong Kong's deputy director of health, said at a news conference that Hong Kong and the Centers for Disease Control were speeding up efforts to produce a vaccine. He added that the World Health Organization had been asked to help develop it.

"We are hurrying to make the vaccine because there is a potential for the virus to spread worldwide," Mr. Saw said.

Ken Shortridge, a microbiologist on the investigating team, said farmers in areas of southern China bordering Hong Kong had been found to carry antibodies for the virus while not displaying symptoms.

International experts said similar viruses in the past had crossed over from animal species, including birds and pigs. Among humans, who have no immunity to them, they could lead to global flu epidemics, or pandemics.

More than 20 million people died in the worst pandemic, the Spanish flu of 1918. Nearly 40 years later, 1 million succumbed to the Asian flu, and in 1968 the Hong Kong flu claimed up to 700,000 lives.

Health authorities around the world have been alerted to step up surveillance and detection of the new virus. But Mr. Saw issued a call for calm, saying human-to-human transmission of the virus had not been proved.

"There is no cause for panic, as available evidence does not suggest that the disease is widespread," he said.

People should maintain a good diet, exercise and ensure effective ventilation to bolster their resistance, Mr. Saw said, adding that it was essential for people to wash their hands after handling meat, poultry and fecal matter. *(Reuters, AFP)*

As Gore Heads for Summit on Warming, Expectations Rise With the Risks

By Joby Warrick
Washington Post Service

KYOTO, Japan — Vice President Al Gore faced high expectations and even higher risks Monday as he swept into an international global warming conference here that has cast him both as villain and as potential savior.

Mr. Gore flew to Kyoto early Monday morning on a mission to help cement a deal that could help protect the Earth's climate and fulfill a lifelong ambition for a man who has made global warming one of the central issues of his political career. But the talks, which began Dec. 1, are at a near standstill, and Mr. Gore bears an increasingly heavy burden as delegates look to him to achieve what seven days of negotiations could not.

The stakes for the vice president rose further Sunday as European ministers publicly challenged Mr. Gore to bring a radically new bargaining position to Kyoto — something White House officials have said he would not do.

The European Union has criticized the Clinton administration's proposals for fighting global warming as weak — although there were new hints on Sunday that the Union's ministers were prepared to compromise if the United States and other key countries would do likewise.

"If Al Gore had nothing new to offer he would not come to Kyoto," Ritt Bjerregaard, the EU environment commissioner, said Sunday. Dismissing Washington's plan to stabilize greenhouse emissions at 1990 levels by 2012 as "unacceptable," Mrs. Bjerregaard, a Dane, said she hoped Mr. Gore "will have a new proposal."

Environmental groups attending the conference threw down challenges as well. While many activists were heartened by Mr. Gore's decision to attend the talks, others worried that intense international pressure for a treaty would result in a weak agreement that would do little to protect the environment.

"The vice president must break the logjam in the negotiations," said Fred Krupp, executive director of the Environmental Defense Fund. He added that "the treaty cannot just be a piece of paper filled with good intentions."

After his arrival Monday morning, Mr. Gore was scheduled to hold private talks with delegation leaders from Europe, Asia and several developing countries before heading home in the evening.

He also will address the full assembly of the 159 nations participating in the United Nations conference on climate change, a 10-day meeting scheduled to begin Wednesday, when delegates hope to sign an international protocol imposing legally binding limits on pollutants blamed for warming the planet.

Scientists say they believe that increasing concentrations of carbon dioxide and other so-called greenhouse gases will raise temperatures substantially over the next century, triggering a rise in the sea level that could swamp coastal cities and cause potentially disastrous changes in weather patterns.

The talks enter a make-or-break phase Monday with the arrival of Mr. Gore and the start of high-level talks among other senior government ministers who began arriving over the weekend.

Mr. Gore was not expected to participate directly in the negotiations, although U.S. delegation members were counting on the vice president's persuasive powers to help resolve many of the remaining obstacles to a climate treaty.

Although Mr. Gore's views on global warming are well-known, many of the nations attending the conference have accused the United States of being the primary obstacle to a treaty. Not only is the U.S. climate proposal less ambitious than the plans proffered by many other countries, but it also calls on developing countries to play a role in averting global warming — a prospect poorer countries have stubbornly resisted. While industrialized nations are by far the biggest emitters of greenhouse gases, less developed nations such as China are likely to surpass the West in overall emissions in the coming decades.

With less than three days of bargaining remaining, negotiators have reached agreement on only a handful of the dozens of issues contained in the proposed treaty. The delegates were still sharply divided on how quickly and how extensively to cut greenhouse gases, and on how, if at all, to involve developing countries in the solution.

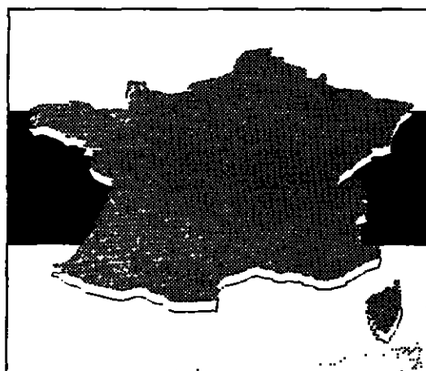
A hopeful sign of possible movement on the target question came late Sunday in a published report suggesting that European delegates were ready to compromise if other countries did the same.

Deputy Prime Minister John Prescott of Britain suggested in an interview with Reuters that the European Union was ready to drop an ambitious proposal to limit greenhouse gas emissions at 15 percent below 1990 levels by 2010. "We have to find an agreement between zero and 10 percent," Mr. Prescott said.

The hints of possible compromise prompted a visiting U.S. senator to predict that an agreement would be reached by Wednesday. But Senator Joseph Lieberman, Democrat of Connecticut and a member of an official Congressional observer delegation, warned that such a pact might not meet the requirements of a Republican-controlled Senate that must ratify the treaty for it to take effect. In a bipartisan resolution that passed 95 to 0 this summer, senators said they would oppose any accord that did not include participation by developing countries as well as incentive programs to ease costs for businesses.

But Mr. Lieberman said if the Kyoto treaty did not meet the Senate's test on its face, the Clinton administration might still be able to win support in the Senate by negotiating bilateral agreements with key such developing countries as China and Brazil. Unless these rapidly growing economies join the West in reigning in pollution, the Kyoto accord will ultimately fail to keep greenhouse gases in check, he said.

"We ought to lead, but they ought to follow," Mr. Lieberman said.



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Coordinated Attacks on Trains Kill 11 and Wound 54 in India

New York Times Service

NEW DELHI — Three bombs killed 11 people and wounded 54 others on trains in southern India over the weekend, raising fears that the campaign for a general election in February could be marred by violence.

United News of India reported that the police had found a note on one train from a previously unknown group, the Islamic Defense Force, taking responsibility. It was said to blame the government for failing to punish the leaders of a Hindu mob that destroyed a mosque in the northern town of Ayodhya five years ago Saturday.

Muslims expressed concern that the blasts — two in the state of Tamil Nadu and one in Kerala — could have been intended to arouse anti-Muslim feelings in the south, which is likely to be a crucial election battleground for the Hindu nationalist Bharatiya Janata Party. News agencies said suspects described as fundamentalists had been arrested in the Tamil Nadu explosions.



BRIEFLY

North Korea Health System Collapsing, Aid Workers Say

HONG KONG — North Korea's entire health system has collapsed, a top international aid official said Sunday, with no modern medicine, anesthetic or even soap — and no patients as the sick preferred to die at home.

The head of Doctors Without Borders, Eric Goemaere, said at a news conference that North Korea could be heading for yet another catastrophe unless international aid was forthcoming.

Mr. Goemaere, who headed a small team visiting five districts in North Hamgyong Province over the last week, said hospitals and clinics he visited had abysmally low standards of hygiene and lacked modern medicine.

"There were doctors and buildings, but no aspirin, no anesthetic, no basic medicines, no heating, no soap and no milk and therefore no patients," he said. "The health system in North Korea has collapsed." *(Reuters)*

Exhausting Battle in Sri Lanka

COLOMBO — Sri Lankan troops and Tamil Tiger rebels will need time to recover and regroup after last week's fierce fighting in the north that left scores of soldiers and guerrillas dead or wounded, military officials said Sunday.

They said casualties on both sides were high after one of the fiercest encounters in the military's six-month campaign to capture a strategic highway connecting the northern government-held frontier town of Vavuniya with Killinochchi, further north.

The rebels will have a lot of problems, a military spokesman said. "After high intensity battles it takes time to regroup." *(Reuters)*

100 Hurt in Bangladesh Clash

DHAKA, Bangladesh — More than 100 people were injured in separate clashes between rival activists during an opposition-led nationwide strike in Bangladesh on Sunday, witnesses and hospital sources said.

They included 24 people wounded by shrapnel from home-made bombs and admitted to Dhaka Medical College hospital.

The dawn-to-dusk strike was called by main opposition Bangladesh Nationalist Party to protest a recent peace treaty signed by the government with tribal rebels in Chittagong Hill Tracts.

Bengali-speaking settlers clashed with tribespeople in Khagrachhari and Rangamati districts of the Hill Tracts, injuring at least 20 people, local officials said. *(Reuters)*

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INTERNATIONAL

Word Gets Out That Mossad Spymaster Made Up Reports About Syria

By Serge Schmemann
New York Times Service

JERUSALEM — In a case certain to further discredit the Israeli intelligence service, revelations have surfaced that a Mossad spymaster responsible for watching Syria apparently invented his reports for several years.

Military censorship has prevented most details of the case from being made public, but some particulars, including the spy's name, have spread rapidly through Israel since the newspaper Ha'aretz first published a heavily censored report that unspecified "false information" had influenced key government decisions on Syria.

Since then, various other tidbits have emerged from official statements, assessments and denials.

Combined with the secrecy surrounding the case, these have sent newspapers, politicians and retired intelligence officials into feverish speculation about the potential danger of the false reports, the motivations of the Mossad agent, rivalries among Israel's intelligence services, motives of those who were leaking the information and of those who were suppressing it, and the effect on the future of the intelligence agency.

The Mossad is already under investigation over a botched assassination attempt against a Palestinian figure in Amman, Jordan, in September, which led to the capture of several agents and their swap for the spiritual leader of the Islamic movement Hamas, Sheikh Ahmed Yassin.

Late last week, the head of the commission investigating the operation warned that the head of the Mossad, Danny Yatom, and another top official were likely to be harmed by the commission's conclusions.

The basic facts that have been made public so far are that, for several years, a Mossad officer fed false reports about the current thinking of the Syrian leadership, suggesting that President Hafez Assad was opposed to making peace with Israel.

Such information might have played a role in the late Prime Minister Yitzhak Rabin's decision to shift from trying to make a deal with Syria to working on a peace with the Palestinians.

More recently, tensions mounted between Israel and Syria when the Syrians moved their 14th Armored Division from Lebanon to Mount Hermon on the Israeli border. Disinformation about this move set off an internal debate about whether the shift was hostile or defensive.

The spy's reports supported the idea that this was an aggressive move, although it was later determined through U.S. mediation that the troop transfer was defensive.

That speculation prompted the army, whose intelligence services are said to regard the Mossad as a rival, to declare that military chiefs never paid much heed to Mossad information, but trusted its own.

"I am happy to say that at the time I didn't err in my evaluation," Defense Minister Yitzhak Mordechai declared with obvious satisfaction. "We formulated views about the situation on the border with the Syrians on the basis of a network of information, and not on the basis of the duplicitous source."

Other newspapers cited a "senior official" on board Prime Minister Benjamin Netanyahu's flight to Germany on Thursday, who also contended that the false data "was not of substantial value" and that it was always weighed against other information received.

The official also praised Mr. Yatom, who took charge of the Mossad only within the last year, for his "courage" and for having "expunged the unleavened bread in our midst."

The remarks fueled speculation that it was Mr. Yatom who leaked the information to deflect attention from the botched Amman operation and to portray himself as a man ready and able to clean house.

Another question was the motive of the agent. Both Israeli television stations reported Saturday that the man had confessed and had been charged with espionage and breach of trust.

The reports said that he had evidently acted neither out of political nor financial motives, but as a result of some psychological problem. The reports identified him as an older man who had spent several years in retirement before returning to active duty.

Though his exact actions remained under censorship, one rumor was that he had been responsible for managing an agent in Syria who died, and that he continued fabricating reports and collecting the money due the Syrian spy.

But suspicion remained that the corrupt agent acted out of rightist ideology. Israel Radio reported that the man worked in the offices of the far-right Moledet party for a few months in 1992-93. A former member of Parliament from Moledet, Shaul Gutman, told the radio that he had suspected the agent of various acts of internal espionage and sent a warning letter to Mr. Rabin.

The senior official aboard Mr. Netanyahu's plane, though, told reporters that "whoever it was that submitted the false information did not act on the basis of political motivation."

But opposition politicians asserted just that.

"I have difficulty sleeping at night, knowing that false information was passed on by this person as a result of ideological-political considerations," said Binyamin Ben-Eliezer of the opposition Labor Party.



Menahem Kahana/Agence France-Presse

Strikers arguing Sunday with border guards at a courthouse in Jerusalem, just one of many protests during the last day of the strike.

Israeli Workers End Big Strike

Histadrut Stops Walkout as It Reaches Deal With Ministry

Compiled by Our Staff From Dispatches

JERUSALEM — The Histadrut labor federation announced Sunday an end to a nationwide strike that had paralyzed much of the Israeli economy.

About 700,000 public sector workers walked out Wednesday in a dispute over pensions and privatization. The strike, the biggest in Israel in years, shut down the main international airport, seaports, banks, postal services and the Tel Aviv Stock Exchange. The federation announced the end of the strike after saying it expected to sign a compromise agreement with the Treasury late Sunday.

Histadrut had demanded that the Treasury honor a pension deal signed by the Labor government weeks before Benjamin Netanyahu of the conservative Likud party defeated it in elections in May 1996.

It was not immediately clear whether the government had met the labor group's demands, but Channel One television said Histadrut had achieved all the goals it had set for itself in declaring the strike.

The leader of Histadrut, Amir Peretz, met Sunday with Finance Minister Yaakov Neeman.

"I hope that this nightmare for Israelis ends tonight," the minister said.

Hundreds of striking workers blocked major intersections in protest Sunday. About a third of the country's bus drivers joined the strike, and oil refineries had threatened to stop supplying crude oil to the electric company. Israel Radio said more than 60,000 people in Jerusalem and Tel Aviv were without phone service because repair workers were striking.

Ben Gurion International Airport was a scene of confusion Sunday as thousands of tourists stranded by the strike fought for seats on flights out of the country. The director of the airport, Israel Ben-Haim, said too many people had come to the airport, hoping to get a flight, and overcrowding was becoming a "critical problem."

Army Radio said crowding was so bad that the airport, renowned for its extensive security checks, was forgoing baggage searches to get people onto flights more quickly.

Avi Coteles, head of the Airport Authority, estimated that 15,000 Israelis traveling overseas could not get home because of the strike. *(Reuters, AP)*

U.S. to Keep Up to 500 Troops in Haiti

By Bradley Graham
Washington Post Service

WASHINGTON — President Bill Clinton has decided to keep U.S. troops in Haiti, even as the last United Nations peacekeepers withdrew this week amid signs the country is sliding back into political paralysis and economic decay.

Mr. Clinton stressed that the U.S. military mission would continue to focus on public-works projects, not security and law enforcement.

But the decision to extend the American troop presence for an indefinite period came over the objections of Senator Jesse Helms, Republican of North Carolina, and other members of Congress, who have warned that such a move would be futile and risky.

More than 20,000 U.S. troops led an international force into Haiti three years ago to dismantle a military dictatorship and reinstate Jean-Bertrand Aristide, the country's first freely elected president.

The U.S. military pulled out of the UN peacekeeping operation early last year but has continued to rotate up to 500 active-duty and reserve soldiers into Haiti for civil affairs work such as building roads, digging wells, repairing schools and providing medical assistance.

The UN operation formally expired on Nov. 30, and the last contingents of Canadian and Pakistani peacekeepers began departing last week. Authorization for the U.S. mission in Haiti had been due to expire Dec. 31.

Mr. Clinton, speaking to reporters on the White House lawn, disclosed his decision to extend the mission when asked if he intended to keep troops in Haiti indefinitely.

"Have I made an indefinite commitment? No," the president said. "But I have made a definite commitment to continue to be involved there in ways that I think are appropriate.

"We are doing some public-works projects there, which we've been asked to continue and to finish, try to accelerate," he went on. "And, of course, I think it does contribute to the stability of the area." He said the U.S. presence "will not be indefinite," adding that withdrawals would occur "in a staged fashion."

But a Pentagon spokesman said that Mr. Clinton had placed no time limit on the extension.

Defense officials said the force would continue to consist of up to 500 soldiers drawn largely from engineering and medical units, with a substantial combat element responsible for protecting the contingent. The number of combat troops could increase if security in Haiti erodes, the officials said.

"We don't expect any change in the threat on the ground to U.S. forces after the UN leaves," a spokesman for the National Security Council said.

In addition to the troops, the United States is committed to providing up to 50 civilian police officers as part of a 300-member multinational force charged by the United Nations to work with the two-year-old Haitian national police. But that mandate is scheduled to expire in a year.

3 Skydivers Killed In South Pole Jump

The Associated Press

SYDNEY — Three people plunged to their deaths Sunday when their parachutes failed to open, in what was believed to be the first skydive at the South Pole.

They were among six skydivers on the jump, organized by Adventure Network International, a private company that has been flying tourists to the South Pole since 1988.

The names and nationalities of the victims and survivors were not released by U.S. Antarctic officials. It was not immediately known why the chutes failed.

A notice circulated to U.S. Antarctic staff by Dwight Fisher, the U.S. National Science Foundation representative at McMurdo Station, confirmed that the deaths occurred during what was believed to be the first private skydiving jump ever made at the South Pole.

The notice said the skydivers made their jump Sunday morning. Three chutes failed to open, and a doctor and emergency team found the bodies after a short search.

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Deep in the heart of every telecom network are the switches that route traffic through the network, and also provide the 'brains' for more sophisticated network operation techniques, and new services for end users.

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As the needs of the fixed and wireless telecoms industry sectors have evolved, so the AXE system has proved itself capable of constant evolution, to offer the right network and service capabilities at the right time.

Right now, the AXE system is going through another significant development phase, and being readied for the information age, where it will support such new telecom and datacom applications as global mobile satellite networks, multimedia communications, and next-generation wireless networks.

As part of this latest phase of developments, the processing power of an AXE switch has been pushed up again. Meanwhile, the physical size, the electrical power consumption and the maintenance needs have all been significantly reduced. These and other system enhancements will allow networks to be operated more efficiently.

Switch into an open architecture.

Over and above all these specific technical developments, however, is the fact that the AXE system has moved on far beyond its original function of a switch. It is increasingly becoming an open architecture, containing a growing range of industry-standard hardware and software, with open-standard access interfaces.

Development work on AXE is a continuing process, and over the next few years the company expects to introduce further increases in processor capacity, throughput, and switching capacity.

The goal is to ensure that the AXE system stays at the heart of network developments as the information era takes shape, delivering all types of voice, data and multimedia service for wired and wireless users, and fitting into all types of network infrastructure, large or small.



Stylish new mobile for trendsetters

This new GF 768 phone for GSM networks not only looks good, with its bright colours and optional carry cases, but also offers some exciting new functions that will appeal to people who enjoy an active lifestyle.

Measuring just 105 mm x 49 mm x 23 mm, it has a single-level menu for speed of use, and simple YES and NO keys. The Alternate Line service lets users have two lines with different numbers; while the Scratch Pad feature lets them key in a number while they are talking, avoiding the need for pen and paper.

THIRD QUARTER RESULTS

New record for quarterly earnings

Ericsson's results for the first nine months of 1997 show order bookings, net sales and income all sharply higher.

Order bookings were up by 41% at SEK 134,740m; net sales up by 44% at SEK 112,617m; and pre-tax income up to 65% at SEK 10,325m.

These results signal the 24th consecutive quarter in which the company's order bookings have increased. Income for the third quarter of 1997 also set a new record for the company.

This has been achieved against a market background in which competitors are becoming more active and more aggressive. In countering the increased competition, Ericsson is focusing on shorter lead times for time-to-customer (TTC), and time-to-market (TTM), as well as higher quality and increased flexibility. Measures that include cost control, rationalisation and improved efficiency have enabled the company to maintain gross margins and improvide the profit margin.

Commenting on the results, Ericsson CEO Dr Lars Ramqvist said: 'Global growth in the number of mobile telephone subscribers continues, with the system standards supplied by Ericsson strengthening their position. Ericsson has thus been able to consolidate its leading market position. The Mobile Phones and Terminals Business Area continues to develop very strongly, with a doubling of sales.'

BT selects Ericsson optical networking technology

In theory, the information capacity of optical fibre transmission systems is virtually unlimited. In practice, the capacity is limited by the performance of the transmitting and receiving equipment at either end of the fibre.

If technical solutions can be developed to allow optical fibres already in the ground to carry more information, it will allow telecom operators to handle traffic growth without needing to lay down more optical cables.

This is why a recent announcement from the UK is interesting. The Ericsson Optical Network (ERION) system is to be used by BT in a Dense Wavelength Division Multiplexing (DWDM) pilot project.

ERION optical networking technology allows the information capacity of current generations of transmission equipment to be maximised, and provides a migration path to future transport systems based on ATM and fast IP interconnect.

Towards the third generation

Ericsson, Alcatel, Nokia and Siemens have announced their support for standardisation of a future third-generation mobile system – known as Universal Mobile Telecommun-ications System (UMTS) – to be based on an evolved core GSM network.

Commercial services based on UMTS are expected to be launched in the year 2002, in the 2 GHz frequency range. The technology will be able to deliver high data rates for applications such as high-speed Internet/Intranet access, electronic multimedia mail, and full-motion video.

The four companies say that wideband wireless multimedia applications would use a Generic Radio Access Network (GRAM) interfaced to second-generation GSM networks. Because the 2 GHz frequency band has also been designated by the ITU for global, next-generation mobile services (IMT-2000), the companies also support alignment of the international standard-isation of UMTS and IMT-2000 network interfaces.

Internet access to mobile phone service

In a pioneering application of the Internet as a mainstream business communication channel, a Swedish digital mobile phone operator has become the first in the world to use the Internet as a way for subscribers to request information, and configure how their phone service works.

Using Ericsson's Consono Call Centre solution, the new EuroManager service concept introduced by Europolitan provides a WWW site that subscribers can access. They can retrieve information from it, and control how their call diversion should operate. This information is automatically transferred to the mobile switching system. The subscriber can also request information from the customer care centre, and specify how (and when) this information should be supplied: either by fax, e-mail, short message service or phone call.

This same technology could also be used by businesses such as banks and commercial organisations that seek to introduce innovative ways of building closer relationships with customers.

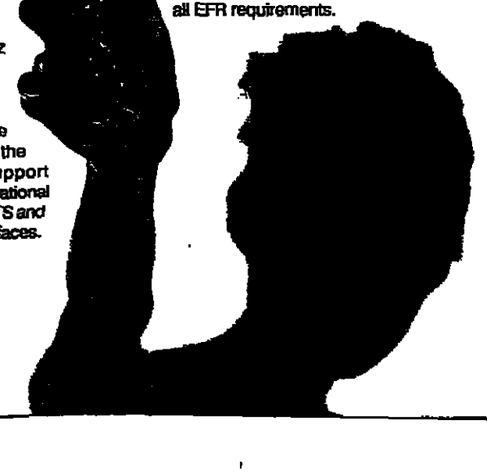
Ericsson first with enhanced GSM voice quality

Ericsson has become the first GSM network equipment supplier to put into commercial service the latest Enhanced Full Rate (EFR) technology that delivers wireline voice quality in GSM mobile phone networks.

It was introduced into Hong Kong's GSM 900 SmarTone network in early September. SmarTone has Hong Hong's largest GSM network, with more than 400,000 subscribers.

Commenting on the development, SmarTone Chief Executive Officer Mr Hubert Ng said: 'The launch of EFR is an important milestone in the development of our network.'

As well as being the only network supplier to support EFR, Ericsson also offers the GH 688 mobile telephone – the only one on the market today that meets all EFR requirements.



World round-up

Internet investment: Ericsson has taken a minority stake in Juniper Networks, a high-performance networking company based in Mountain View, California. Ericsson's Cybertab in Menlo Park, California, will work together with Juniper Networks to create solutions for large IP networks.

GSM dual-band phones: Early in 1998, GSM wireless network operators will be able to offer their subscribers extended roaming possibilities, thanks to a new Ericsson portable phone that offers both GSM 900 and DCS 1800 access. The SH 888 and SF 888 phones have built-in modems for connection to Personal Computers, and standards-based infra-red connection to a range of peripherals. Users do not have to select a particular frequency band. The phone automatically searches for and connects to the most appropriate network.

USA: Four Personal Communication Services (PCS) infrastructure orders illustrate the range of technology Ericsson offers for the latest phase of wireless network rollout. BellSouth Mobility has signed a letter of intent with Ericsson to supply a D-AMPS 1900 (IS-136 TDMA) wireless network infrastructure as the basis of Personal Communication Services (PCS) covering 34 Basic Trading Areas (BTAs). In Boston and Miami, Ericsson is to supply GSM 1900 PCS network infrastructures worth up to USD 250 million for Omnipoint Communications Services Inc. In Kentucky and Tennessee, Ericsson is to supply PCS networks based on the GSM system to Powertel Inc. And for the Washington/Baltimore area, Ericsson has signed a three-year contract with APC covering extension of the GSM-based Sprint Spectrum network.

Turkey: Turkcell, Turkey's largest GSM network operator, with 890,000 subscribers, has awarded Ericsson a turnkey contract worth USD 150 million to expand the network.

Chile: Startel, Chile's largest wireless network operator, has placed orders with Ericsson totalling USD 82 million this year. The latest, worth USD 36 million, is to increase capacity and coverage, and includes the latest Ericsson RBS 884 dual-mode analog-digital base stations.

Japan: Ericsson has received its second order for an experimental wideband CDMA system to support next-generation wireless multimedia services. This latest order is from Japan Telephone Co. Ltd. Initially, the system will support data transfer rates up to 384 kbps, with possible later expansion to 2 Mbps. Ericsson has also signed three-year frame agreements with the three companies in the Digital Phone Group, which operate PDC 1500 MHz networks.

Czech Republic: Ericsson has won its first order to supply a D-AMPS IS-136 wireless network in central Europe, with a USD 50 million order for a 'fixed wireless' system to bring telephone services to the Czech countryside, and later to urban areas.

Argentina: PCS services based on the digital D-AMPS (IS-136) and analog AMPS standards will be launched in Argentina by the end of 1997, following a USD 193 million network expansion programme for the three wireless operators Miniphone, Telecom Personal and Telefonica Comunicaciones Personales.

New laser source for optical networks



An important sector for Ericsson Components is the development and production of optoelectronic devices such as lasers and detectors, as well as fully integrated fibre-optic modules for use in digital transport networks.

A recent new product that highlights this activity is this laser module for use in Dense Wavelength Division Multiplexing (D-WDM) telecom systems.

The PGT 20108 is designed for use in optical fibre transmission links of up to 600 km, with in-line amplifiers. It acts as the source for an Optical Supervisory Channel, transmitting monitoring and alarm signals between the in-line amplifiers.

Telefonaktiebolaget LM Ericsson, S-126 25, Stockholm, Sweden.

Ericsson's information-on-demand database can be addressed at: www.ericsson.com

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One-Man Global Village: Murdoch's Vast Reach

Washington Post Service

WASHINGTON — If information is power, then News Corp. easily ranks as one of the most powerful entities on the planet.

No other media company can make the claim that Rupert Murdoch's company does: that it will soon have the means to address more than 75 percent of the world's population simultaneously through satellite, broadcast and cable-television entities it owns wholly or in part.

That is in addition to News Corp.'s print properties such as the book publisher HarperCollins, its highly profitable British newspapers — principally The Times of London and the tabloid Sun — and The Sun's American cousin, the New York Post.

This collection of media properties is the handiwork of one man, Mr. Murdoch, who has spent the past 45 years relentlessly acquiring, building and risking.

Today, Mr. Murdoch and his family control just over 30 percent of News Corp., though for all practical purposes Murdoch is the company.

Richard Searby, a prep-school friend of Mr. Murdoch's in Australia and later a director of the company, once observed that, whereas most corporate boards meet to make decisions, News Corp.'s board meets to ratify Mr. Murdoch's decisions.

Based in Sydney, News Corp. traces its ancestry to companies that were established in Australia in the late 1920s.

Mr. Murdoch himself took over the company in 1953, shortly after his father's death. His entrepreneurial beginnings were modest; the young Mr. Murdoch began with a single newspaper, the Adelaide News, in a relatively small city in South Australia.

Brash and ambitious, he struck out across the country, adapting and refining his formula for newspaper success along the way: tabloid journalism mixed with big-money reader contests, heavy promotion and frequent photos of bare-breasted young women on Page 3.

Mr. Murdoch repeatedly plowed the profits from these newspapers into bigger properties.

He expanded into the British newspaper market in the late 1960s and made the leap to the United States with his purchase of the San Antonio Express in Texas in 1973 and the Village Voice and New York magazine in 1977.

All three properties have since been sold.

Mr. Murdoch's first major foray into the entertainment business came in 1985, with his purchase of the ailing Twentieth Century-Fox Film Corp. movie studio.

The next year, after becoming a U.S. citizen, he bought his first six U.S. television stations from Metromedia. Those stations formed the nucleus of the Fox broadcasting network, which eventually challenged the long-standing dominance of the three main U.S. commercial networks ABC, NBC and CBS.

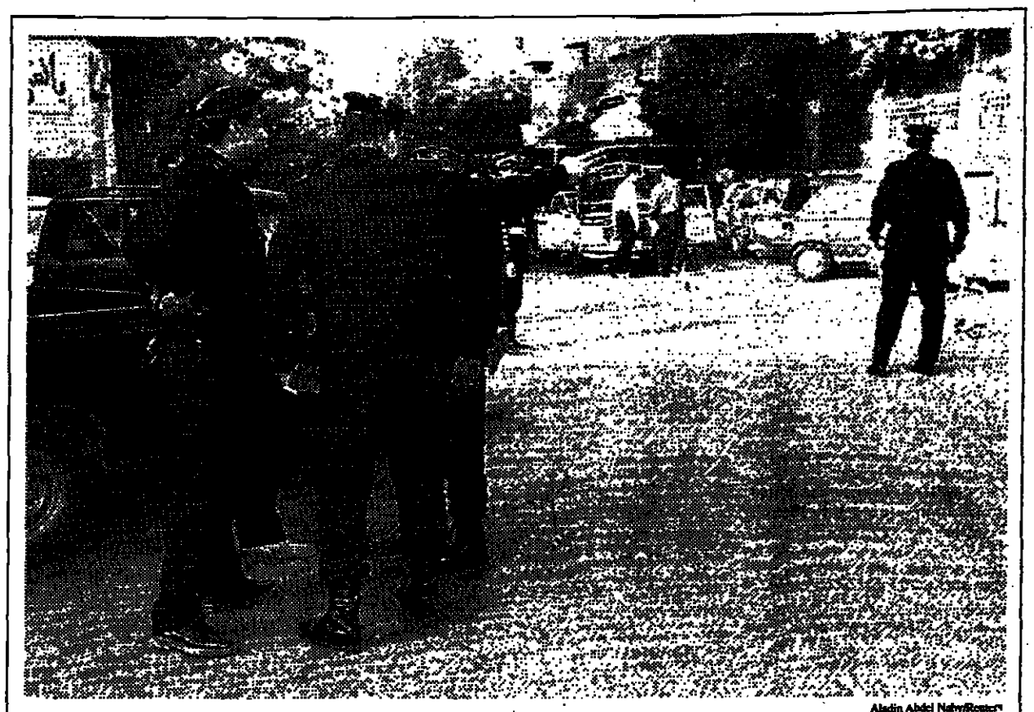
Lately, Mr. Murdoch has turned his acquisitive gaze to the heavens.

With the recent success of his British Sky Broadcasting PLC's Sky Television system — whose immense start-up costs nearly drove News Corp. into insolvency in 1990 — Mr. Murdoch has assembled a planet-girdling ring of satellite-television systems that nearly fulfills the 1967 prophecy of the media theorist Marshall McLuhan that television would create a "global village."

Through joint ventures or direct investments, News Corp. has a stake in satellite-TV systems in Japan, continental Asia, Britain, continental Europe and Latin America.

It also has an agreement pending to join with five major cable-television companies in a U.S.-based satellite-television venture known as Primestar.

— PAUL FARHI



Aladin Abdel Naby/Reuters

ON GUARD IN CAIRO — Guards near the interior minister's residence Sunday, where the police shot a car thief who had driven through a roadblock. The ministry said the police were investigating the incident.

BRIEFLY

Robinson Critical Of Rwandans

KIGALI, Rwanda — Mary Robinson, the United Nations High Commissioner for Human Rights, left Rwanda on Sunday after a fact-finding visit that she said left her disappointed at attitudes to human rights and national reconciliation.

She acknowledged an upsurge in violence on the part of Hutu extremists, but said she had also noted an increasing number of abuses by the Rwandan Patriotic Army.

"Political power and decision-making have become more and more concentrated," the former president of Ireland said in a statement released as she left for Uganda.

"There appears to be an absence of a committed policy of reconciliation and there are a number of very serious human rights violations," she said in the statement.

Abuses included arbitrary arrests, prolonged arbitrary detentions and serious overcrowding resulting in inhumane conditions in the prisons, she said.

Rwandan authorities reacted with surprise to her straight-talking statement, saying the remarks were "unfair." But a diplomat in Kigali welcomed the comments for drawing attention to serious problems that he said required a response from the international community. *(AFP)*

Extradition Bid Weighed in Israel

JERUSALEM — Israeli authorities initiated extradition proceedings Sunday against a Jewish American teenager wanted in the United States on a murder charge, officials said.

Justice Minister Tsahi Hanegbi forwarded a formal request to the Jerusalem district court to examine and respond favorably to the U.S. demand for the extradition of Samuel Sheinbein, 17, a ministry spokesman said.

Mr. Sheinbein was arrested by the Israeli police in September after he fled the United States, where he was accused of murdering and dismembering a young Hispanic man in a Washington suburb.

The United States sent a formal extradition request for Mr. Sheinbein late last month, shortly after Attorney General Eliakim Rubinstein of Israel ruled that the youth could not claim Israeli citizenship. Israeli nationals cannot be extradited. *(AFP)*

Pakistan Detains Iranians in Killings

KARACHI, Pakistan — Pakistani security agencies have detained eight Iranian nationals in connection with the killings of four U.S. oil company employees in Karachi last month, police officials said Sunday.

The detainees included two people suspected of involvement in the theft of the car the assailants used in the Nov. 12 slayings, they said. The car, stolen two days before the attack, was later found abandoned in the port city.

Saud Mirza, senior superintendent of the Karachi police, said three people were taken into custody following a report by an informer earlier in the week. Five more were detained Saturday.

He said investigators were working on a number of theories, including suspicions of an Iranian connection in the murders. The police are questioning the Iranians but none has admitted involvement in the crime, Mr. Mirza said.

An FBI team also arrived here last month to join the investigation. The slain Americans were auditors for the Houston-based Union Texas Petroleum Co. *(AFP)*

MURDOCH: *Using Its Worldwide Web, News Corp. Pays Far Less in Taxes Than Rivals*

Continued from Page 1

operations as its Fox TV station group.

"Each country has its own rules and regulations, and Murdoch has the organization and talent to figure out the best way to work all of them," said William Markell, former chairman of the University of Delaware's accounting department and an expert on international accounting. "He's an operator. If there are advantages, he can find them."

While declining to provide specifics on News Corp.'s U.S. taxes, Arthur Siskind, the company's general counsel, said in an interview, "We had a lot of start-up businesses in the U.S. that lost money." He said such losses created deductions and credits that offset taxation.

Mr. Murdoch declined to be interviewed for this article.

Some other multinationals adopt similar tax strategies, of course. For example, American drug companies for years reduced their U.S. taxes by assigning huge research costs to their American operations — and huge taxable profits to tax-exempt subsidiaries in Puerto Rico and Ireland, said Bob McIntyre of Citizens for Tax Justice, a Washington-based advocacy group.

Officials of the Internal Revenue Service point out that U.S.-based companies face U.S. taxes on their offshore subsidiaries in the Caymans and elsewhere if more than 50 percent of the subsidiary is controlled by American shareholders. But that does not apply to News Corp., an Australian company.

As for playing by Australian accounting rules, the IRS says it would treat any effort by a U.S. company to reincorporate in Australia as a taxable transaction, exposing the company to a massive tax bill.

Two features particularly stand out in News Corp.'s operation, with regards to its financial picture. First, by remaining Australian, the company is able to utilize arcane accounting rules that have pumped up reported profits and greatly aided Mr. Murdoch's periodic acquisition sprees.

Under Australian accounting practices, for example, News Corp. legitimately reported that it earned $561 million last year. Under the tougher rules required of U.S.-based corporations, however, News Corp. would have lost $155 million, according to documents the company filed with the Securities and Exchange Commission. The Australian difference helps portray News Corp. in a more favorable light to investors — particularly when the company is stacked next to its American-based competition.

Second, News Corp. has mastered the use of the offshore tax haven. It reduces its annual tax bill by channeling profits through dozens of subsidiaries in such low-tax or no-tax places as the Cayman Islands and Bermuda. Overseas profits from movies made by Twentieth Century-Fox, for instance, flow into a News Corp.-controlled company in the Caymans, where they are not taxed, according to an executive familiar with the operation.

Figuring out how News Corp. arrives at its taxes is difficult because of the sheer sprawl and complexity of the company. That may be, as some analysts have suggested, the very reason for the company's convoluted structure. News Corp.'s organizational chart consists of no less than 789 business units incorporated in 52 countries, including Mauritius, Fiji and even Cuba.

News Corp. does not reveal much about these businesses. It is impossible to tell from public documents, for instance, how much profit or revenue each unit generated, even in such major operations as Twentieth Century-Fox and the Fox broadcasting network.

The overall financial picture is further muddied by complex intercompany borrowings and financings and by complicated joint ventures. Mr. Murdoch himself once conceded that the company's intricate financial interior confused even some of his most senior executives.

"One of the things I would never attempt to calculate is how News Corp. arrives at its tax rate, or why," said John Reidy, a Wall Street analyst who has followed the company for years.

But News Corp.'s tax structure has drawn interest from governments on at least two continents in recent years.

A 1989 report by a Parliament committee — apparently the only government accounting of News Corp.'s taxes made public — found that the company earned all of its total annual profit through subsidiaries in such low-tax countries as the Netherlands Antilles and Bermuda. In contrast, the main subsidiaries in Australia, Great Britain and the United States, all relatively high-tax countries, recorded losses that year.

Israeli officials late last year went beyond merely studying News Corp. Tax authorities in Jerusalem and Haifa raided a News Corp. subsidiary in an investigation into whether the company had schemed to evade taxes on $150 million in income, according to published accounts. News Corp. has vigorously denied any wrongdoing.

Spokesmen for Disney, Viacom and Time Warner declined to comment on Mr. Murdoch or News Corp.'s tax structure.

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John Moss Dies at 84; Architect Of Freedom of Information Act

New York Times Service

NEW YORK — John Moss, 84, the dogged California congressman whose long, lonely fight against government secrecy led to the landmark Freedom of Information Act in 1966, died early Friday at a hospital in San Francisco.

His family said the cause was complications of pneumonia and asthma.

Mr. Moss, a Democrat who represented Sacramento in the U.S. House of Representatives from 1953 to 1978, left an eye-catching legislative legacy.

In addition to his work on the Freedom of Information Act, which gave individual U.S. citizens access to millions of government documents on demand, he played a major role in the enactment of the Toy Safety Act of 1970, the Poison Package Control Act of 1970, the Consumer Product Safety Act of 1972 and the Federal Privacy Act of 1974.

He was also co-author of the first U.S. automobile lemon law in 1974. The Securities Act amendments he helped push through Congress in 1975 blunted the New York Stock Exchange's domination of trading, opening the way for competitive pricing by abolishing fixed commissions and laying the groundwork for the development of electronic markets.

Michael Hedges, 43, Guitarist

NEW YORK (NYT) — Michael Hedges, 43, a guitarist whose distinctive style meshed folk music, jazz and an exploration of the guitar's sonic capacity, was found dead on Tuesday of injuries suffered in an car accident near Boonville, California, in Mendocino County.

Mr. Hedges made seven albums for Windham Hill Records, a label known for placid New Age music. But unlike most of the label's roster, he was a flamboyant virtuoso whose music pushed against boundaries. His solos were full of intricate counterpoint, created with techniques from classical guitar, rock and jazz: unconventional guitar tunings, fusillades of harmonics, two-handed tapping of the fret board and percussive string-snapping.

He was a guest musician on albums by David Crosby and Pat Martino, among others. His 1990 album "Taproot" was nominated for a Grammy Award as best New Age album.

CZECHS: *Klaus's Fall Shatters Hopes for an Economic Miracle*

Continued from Page 1

at an annual rate of 4 percent or more suddenly was struggling to grow at all.

"The government called itself liberal, but it wasn't," said Evzen Kocenda, an economist at the Center for Economic Research at Charles University in Prague. "What they did was permit the state not to intervene and not to enforce the law. But in a very illiberal way the government was keeping control of companies and not restructuring them."

At the heart of the economic malaise is the cornerstone of Mr. Klaus's economic policy: the voucher privatization program hailed as a success in the early 1990s.

The vouchers, which represented a stake in corporate ownership and were available to all Czechs at the equivalent of a little more than a week's salary, turned four-fifths of the country's citizens into shareholders — the highest percentage in the world, as Mr. Klaus liked to boast.

But the vouchers quickly were bought up by investment funds, most of them owned by a handful of large banks that are still controlled by the state. Operating through the funds, the banks propped up industrial dinosaurs with easy loans, refusing to cut off the flow of cash or demand restructuring for fear of bankruptcies and loan write-offs.

Because of this, hundreds of companies operate much as they did in the Communist era, with bloated payrolls, incompetent management and substandard production facilities. Exports slumped while Czechs went on a buying spree, snapping up West European consumer goods at a ferocious rate. The trade deficit swelled last year to $6 billion — a huge figure in a country of just 10.3 million people. And 35 percent of all the bank loans are believed to have little chance of being repaid.

Mr. Klaus and his government did little to attract foreign direct investment, refusing to offer tax breaks and other incentives that other East European countries were lavishing on rich multinational companies. Western portfolio investors who came into the market, in many cases, got burned and vowed not to return.

"I've heard Western portfolio investors say, 'Give me one good reason to be in the Czech Republic,'" said Mr. Sanders, the American fund manager. "If the Czech Republic wants its share of global funds, it has to compete for them and create an attractive environment. And you don't see a lot of that. In fact, you see a lot of arrogance."

No one set the tone for that arrogance more than Mr. Klaus. For a time, many Czechs loved him, and most credited him with the boom that transformed Prague into one of the region's most attractive and lively cities.

Pouring scorn on his critics and disdaining the advice of foreign specialists, he balked at establishing a watchdog agency to clean up the stock market and at legislation to cut the ties among the banks, the investment funds and the companies they controlled.

Meanwhile, scandals engulfed his Civic Democratic Party, including reports that investors had channeled money into the party's secret Swiss bank accounts in return for favorable treatment in privatization deals. Mr. Klaus said he would consider resigning if only there were anyone who could take his place. However, he said, there was not.

Politically weakened for more than a year, he finally was forced to resign when one of the three governing coalition parties withdrew its support.

"This is a political and moral crisis that's been compounded by economic problems," said Michael Zantovsky, a former Czech ambassador to the United States. "We were bound to come to a rough spot sooner or later — we had none for the last five years. But it's not a structural problem."

Analysts say the Czech economy can be treated with the right medicine — tighter government spending, bank sell-offs, deregulation of rents, utilities and other consumer services, tighter capital market regulation and laws to encourage the restructuring of industry.

Mr. Klaus has refused to go quietly. He has vowed to run again for his party's leadership, a move that probably will split the party and make any attempt to reform the government with the existing coalition impossible.

"He's a Bolshevik of the right," said Jonathan Stein of the Institute for East-West Studies, a think tank in Prague. Mr. Klaus and his party "never redefined themselves to deal with issues other than the grand questions of social transformation," he added.

EUROPE

With New Evidence, Catholics Want 'Bloody Sunday' Probe Reopened

By Warren Hoge
New York Times Service

LONDONDERRY, Northern Ireland — This is the less belligerent part of Northern Ireland, an old city in the isolated west more famous for storied resistance to sieges, lilting folk music and municipal architecture than for the sectarian violence that has scarred much of the province.

For a long time the biggest fight in Londonderry, Northern Ireland's second-largest city, has been over what the place should be called, a dispute that is almost quaint by the turbulent standards of this conflicted part of the United Kingdom.

Roman Catholics, the majority here, say they live in Derry — the name comes from "doire," the Gaelic word for oak grove. The city was known as Derry until 1613, when Londoners sent money and master builders to restore a medieval town destroyed by fire and asked that its name be prefixed to reflect their contribution. Protestants cling to "Londonderry."

Disputes between Protestants and Catholics here center on patronage and politics rather than terrorism and killing. The Catholic leadership prides itself on putting projects like factories, a hospital, a deep-water port and the airport in Protestant neighborhoods, although Gregory Campbell, 44, the most prominent Protestant on the city council, dismissed the claim of benevolent treatment as "nice PR packaging."

But the relatively benign state of this community of 103,000 harbors a hurt from the memory of an outbreak of violence 25 years ago and a deep suspicion that the full story has not been told. On Jan. 30, 1972, a day known since as Bloody Sunday, British paratroopers killed 14 marchers protesting the British policy of internment without trial on the main street of the city's working-class Catholic community, the Bogside.

The Catholic leadership of the city and the government of the Irish Republic are pressing the British government of Prime Minister Tony Blair to reopen a hasty and widely denounced investigation of the episode by Lord Widgery, then the Lord Chief Justice of Britain.

His report, issued less than three months after the event, exonerated the troops and faulted the protesters, saying "there is no reason to suppose that the soldiers would have opened fire if they had not been fired upon." It said there was a "strong suspicion" that the marchers had handled bombs and fired weapons even though none were ever recovered or detected in the many photographs of the episode.

Campaigners believe the moment is crucial because hundreds of accounts by witnesses, recordings of army and police messages and forensic evidence that were not taken into account by Lord Widgery have just come to light and because Mr. Blair has shown himself amenable to confidence-building measures to keep the momentum of the peace talks now under way in Belfast.

"We talk so much about the peace process, but as well as a peace process we must have a healing process," Mayor Martin Bradley, 33, said in his neo-Gothic office in the waterfront Guildhall.

The leader of the campaign is John Hume, head of the Social Democratic and Labor Party, a member of the British and European parliaments and the most widely admired political figure in the peace effort.

"All we want is the truth of what happened on Bloody Sunday," he said. "We on the streets of Derry know what happened."

The shock and anger of that day provoked hundreds of young Catholic men to enlist in the Irish Republican Army and join in the fight to end British control. Mitchel McLaughlin, 52, a member of the city council and a negotiator in the present talks in Belfast as a member of Sinn Fein, the IRA's political wing, said there was little tradition of republicanism here before Bloody Sunday.

Edward Daly, 64, a retired bishop, said, "Many young people I have talked to in prison have told me they would have never joined the IRA had it not been for what they witnessed on Bloody Sunday."

Bishop Daly was himself a witness, captured in photographs that have inspired murals now on Bogside walls showing him helping to carry a fatally wounded teenager and waving a bloody handkerchief at the troops to make them stop firing.

"I know what happened, I saw it, I was there," he said. "Innocent people were murdered without justification by heavily armed paratroopers."

That the incident still has the power to divide the Irish and the British became clear recently with a promise from Bertie Ahern, the Irish prime minister, to publish new conclusions his government has.

"We have given the British government a great deal of time and space in which to consider the matter," he said in a speech in Dublin.

The closest a British government has ever come to a reconsideration was a letter from Prime Minister John Major to Mr. Hume in 1992, saying that "those who were killed should be regarded as innocent of any allegation they were shot whilst handling firearms or explosives."

The expression was seen here as evasive because it left unchallenged the "strong suspicion" put forth in the formal investigation that the marchers might have been handling weapons or bombs earlier.

On a recent raw day, Tony Doherty, 34, a community worker whose father, Patrick, then 31, was killed in the shooting, visited the stark gray Bloody Sunday monument in the Bogside accompanied by Joe Friel, 46, who was wounded with a bullet in his chest, and Linda Roddy, 39, whose brother William Nash, 19, was shot dead. A new piece of evidence, based on the direction of fire and the trajectory of the bullets, suggests that Mr. Nash and two others were killed not by the advancing paratroopers but by soldiers above on the city walls who picked them off as they tried to flee.

"I never come here unless I have to," Mrs. Roddy said with a shudder, looking at the bleak landscape with the whitewashed wall from a demolished tenement that proclaims, "Now You Are Entering Free Derry."

Twenty-five years later, she grows tearful and bites her lip as she thinks about the official verdict of her brother's death.

"You know what they're saying?" she said. "They are saying that my brother was responsible for his own killing."

Larger NATO Seen As Lid on Germany

Brzezinski Predicts Gain for Poland

By Jane Perlez
New York Times Service

WARSAW — Using an argument little heard in the debate in the United States over NATO expansion, Zbigniew Brzezinski, the former national security adviser to President Jimmy Carter, has said that the absorption of three Central European nations into the alliance resolved a problem that was considered "impolite" to mention: the "disproportionate power" of Germany.

Mr. Brzezinski argued that the eastward expansion of the alliance placed Germany in a wider European framework, allowing it to be a "good citizen" toward Poland rather than a threatening neighbor.

Speaking Saturday at a conference on German-Polish relations and the North Atlantic Treaty Organization, Mr. Brzezinski said that Polish-German reconciliation, which began soon after the collapse of communism in 1989, had assumed the geopolitical importance of the reconciliation of France and Germany after World War II.

"Involving Germany in a wider framework," Mr. Brzezinski said, "allows us to cope with Europe's central security problem of the 20th century: how to cope with the reality of Germany's power."

Mr. Brzezinski and former Secretary of State Henry Kissinger were joined here by the German defense minister, Volker Ruehe, and top Polish officials in a debate about the role of an expanded NATO. The conference was sponsored by the German Marshall Fund, an organization in Washington that promotes trans-Atlantic cooperation.

The basic reasons for expanding NATO have been explained by the Clinton administration during Senate hearings in grand terms of promoting a more secure and democratic Europe.

The idea of taking three of the Soviet Union's former Central European satellites — the Czech Republic, Hungary and Poland — out of the Russian sphere of influence has also been mentioned.

But Mr. Brzezinski and several German officials were more blunt. They said that containing a united Germany's overwhelming power within an enlarged NATO explained much of the German and Polish enthusiasm for the move eastward.

A member of the German Parliament, Voigt Karsten, who was involved with Mr. Ruehe in shaping the Germany advocacy for a wider NATO, said that much of the motivation came from preventing the power and influence of a united Germany from being used in a "destructive way."

"We wanted to bind Germany into a structure that practically obliges Germany to take the interests of its neighbors into consideration," Mr. Karsten said. "We wanted to give our neighbors assurances that we won't do what we don't intend to do anyway."

After the reunification of Germany in 1990, Chancellor Helmut Kohl took a number of steps, starting with the formal recognition of the Polish-German border, long a source of dispute, to reconcile the two countries.

The growth in trust and cooperation and the explosion in trade and investment between the countries in the last seven years have surprised many. Germany is now Poland's biggest trading partner.

As a sign of the new trust, a Polish-German-Danish military corps is being formed that will work within NATO once Poland formally joins the alliance in 1999, said the Polish defense minister, Janusz Onyszkiewicz.

The new Polish foreign minister, Bronislaw Geremek, a dissident during the communist era who is Jewish and a historian by profession, described the new relationship between Germany and Poland as a "historic transformation."

"For a man with my biography, it is a miracle," he said.

BRIEFLY



John Redman/The Associated Press

Farmers manning a picket at the port of Plymouth in southwest England on Sunday as they tried to block beef from France arriving on a ferry.

Kohl Asked to Explain Speech by a Neo-Nazi

BONN — Opposition politicians called on Chancellor Helmut Kohl's government Sunday to explain to Parliament how a convicted neo-Nazi leader was invited to give a speech to a training course for German Army officers.

The Defense Ministry said it had begun an investigation to determine how Manfred Roeder, a former lawyer who spent eight years in prison for a racist bomb attack, had been able to speak at the army's prestigious staff college in Hamburg in 1995.

The revelation is to be published Monday in the newsmagazine Der Spiegel, and follows other cases linking the German Army with rightist radicalism.

Mr. Roeder, 68, was jailed in 1982 for leading a group that carried out attacks on immigrant hostels in which two Vietnamese people were killed and several were wounded. *(Reuters)*

Millionaires Pass Hat For Juan Carlos Yacht

MADRID — As a token of their gratitude to Spain's royal family, 25 millionaires from the Balearic Islands are chipping in to buy King Juan Carlos I a new $20 million yacht, El Pais newspaper reported Sunday.

The newspaper reported that the millionaires from the islands of Majorca, Menorca and Ibiza hope to collect the funds to replace the king's dilapidated yacht.

"It is a way of thanking Juan Carlos and the royal family," said one of the donors, Gabriel Barcelo. "It is to thank them for their enormous contribution and for the good image their constant presence here gives these islands." The millionaires hope to give the king the yacht in 1999. *(AFP)*

U.K. Farmers Urged To Not Impede Public

LONDON — British farmers blockading ports in anger at sanctions related to "mad cow" disease were urged Sunday by a union leader not to impede the public, or face losing public support.

David Naish, the head of the National Farmers Union, told the BBC: "I'm asking them not to block the roads. The dispute is between ourselves and the government, not with the public, and not with the shops, and not with anybody else."

Thousands of farmers who say an international ban on British beef threatens their livelihood have extended a weeklong protest to include southern and eastern ports, where they have stopped trucks carrying beef imports. *(AFP)*

2 More Truffle Dogs Die

PERUGIA, Italy — Two highly skilled truffle dogs have been killed by poisoning as a vicious war between hunters of the pungent funghi in central Italy intensified, the ANSA news agency reported Sunday.

More than 30 dogs, which sniff out the expensive black and white truffles, have been killed by strychnine poison since the start of the season in October.

ANSA said the new victims, two pointers owned by a truffle hunter from Perugia, died suddenly Saturday. A third dog managed to survive a poison attack. *(Reuters)*

For the Record

France's justice minister, Elisabeth Guigou, was hospitalized Sunday after falling ill Friday at a campaign rally, officials said. Mrs. Guigou, 51, is believed to be suffering from exhaustion. *(Reuters)*

As Turkey Bends on Pardon, Activist Says She'll Refuse It

By Stephen Kinzer
New York Times Service

ISTANBUL — Less than two weeks before Prime Minister Mesut Yilmaz is scheduled to visit Washington, the Turkish government seems to be moving toward freeing the country's most prominent prisoner, but she says she will not accept a pardon.

The prisoner, Leyla Zana, 36, was a member of Parliament in 1994 when she was convicted of supporting Kurdish terrorism and sentenced to a 15-year prison term. Since then her case has often been cited by critics of Turkey's human-rights record.

According to reports published in several Turkish papers, Mr. Yilmaz would like to see Ms. Zana freed before he arrives in the United States on Dec. 17 for meetings with President Bill Clinton and other top American officials.

But last week, Ms. Zana wrote letters to Mr. Yilmaz and Mr. Clinton asserting that she was determined to stay in prison until laws that ban separatist speech are repealed.

"Being in prison is an inevitable, unavoidable and necessary price to be paid for peace, brotherhood and a democratic Turkey," she wrote to Mr. Clinton.

In her letter to Mr. Yilmaz, Ms. Zana reminded him that he had voted for the bill lifting her parliamentary immunity in 1994 so she could be prosecuted. She urged him "to solve the Kurdish problem with dialogue and create a democratic Turkey that is at peace with its own people."

The government is reportedly seeking to arrange Ms. Zana's release by temporarily suspending her sentence for health reasons. The same formula was recently used to free a blind lawyer, Esber Yagmurdereli, whose cause was supported by several European governments. Like Ms. Zana, Mr. Yagmurdereli had said that he did not want to be freed until the laws under which he was imprisoned were repealed.

The warden of the Ankara prison in which Ms. Zana is held has said her health problems were not serious enough to require her release. But the justice minister, Oltan Sungurlu, has said he will submit her case to a board that considers medical discharges from prison. "Postponing a sentence for health reasons does not depend on an application from the person concerned," Mr. Sungurlu said.

In her letters to Mr. Yilmaz and Mr. Clinton, Ms. Zana said she suffered from "no illness that would justify or necessitate a release from prison." She has reportedly been treated for digestive problems and a bone ailment.

Ms. Zana is known in Europe as a symbol of Kurdish nationalists who are working for an autonomous or independent state in southeastern Turkey. Dozens of private groups and many officials have supported her cause, and they have been so effective that in several countries she is one of the best-known living citizens of Turkey.

Partly through their efforts, she has won a series of prizes and has been nominated for the Nobel Peace Prize.

But many Turkish officials say that support for Ms. Zana is based on misguided idealism and ignorance of what they call her militant commitment to separatism and clandestine support for terror. They say her political party, which is now banned, was a front for separatist guerrillas.

Serbs Go to the Polls Again

Compiled by Our Staff From Dispatches

BELGRADE — Voters in Serbia on Sunday made their third attempt to choose a new president, in an election being contested by seven candidates seeking to replace Slobodan Milosevic.

Mr. Milosevic took the presidency of Yugoslavia last summer because he was constitutionally barred from a third term as president of Serbia.

Opinion polls show Vojislav Seselj, the former leader of Serbian paramilitary groups in Bosnia-Herzegovina and Croatia, as the likely winner, if enough people vote to make the election valid. Results are expected Thursday.

In the last election, Mr. Seselj won a runoff, but authorities said only 49.7 percent of 7.2 million eligible voters had voted — shy of the 50 percent needed for a valid vote. This time, Mr. Milosevic is running an ally from his former Communist Party, the Socialists — the Yugoslav foreign minister, Milan Milutinovic. *(AFP, AP)*

■ Bosnian Serb Election

International poll supervisors said Sunday that Bosnian Serb nationalists failed to obtain a majority in parliamentary elections held last month, Reuters reported Sunday from Sarajevo.

The Organization for Security and Cooperation in Europe, which organized the Nov. 22-23 vote, issued results showing the hard-liners in the Serbian Democratic Party and their allies with 39 seats, three short of a majority in the 83-seat Parliament.

The elections pitted hard-liners loyal to Radovan Karadzic against the Western-backed Bosnian Serb president, Biljana Plavsic.

Chirac's Apology for Persecution of Jews Raises a Tempest

Reuters

PARIS — France's leftist interior minister criticized the conservative President Jacques Chirac on Sunday for blaming the French people for the persecution of Jews during the Nazi occupation of World War II.

Jean-Pierre Chevenement also accused the head of state of allowing fellow conservatives to reach out to supporters of the extreme-right National Front party during parliamentary debate on legislation to ease France's hardline immigration laws.

Mr. Chirac, in focusing on the war era, "is trying to make us forget that in the debate on immigration, spokesmen for the RPR and UDF are singing a song whose melody sounds strangely like that of the National Front," Mr. Chevenement said on France 2 television.

Mr. Chirac's Gaullist Rally for the Republic, or RPR, and the Union for French Democracy, or UDF, make up the rightist opposition to the governing three-party coalition of Socialists, Communists and Greens.

Mr. Chevenement drafted the immigration legislation for the government.

Mr. Chirac in 1995 became the first French leader to acknowledge France's guilt in the persecution of Jews during the Nazi occupation, which stretched from 1940 until 1944.

On Friday, Mr. Chirac reiterated that the state was guilty of "moral abdication" during the Vichy era. He made the remarks at a ceremony putting on public display a list of names, compiled during the occupation, of Jews to be deported to Nazi death camps.

The list "testifies to the moral abdication of the state, the Vichy state, which, in betraying the ideas of the republic and in breaking with our traditions, helped the occupier and expelled the Jews from our national community," Mr. Chirac said.

Mr. Chevenement said it was not France "but the Vichy state that was responsible for the crimes of 1940-44 and was in part guilty of the extermination of the Jews."

Tension has mounted in recent weeks between France's leftist government and its conservative president. The two have been obliged to share power since an upset June parliamentary election.

During emotional parliamentary debate on the immigration reform legislation, both the right and the left have accused each other of reaching out to the National Front, which typically gets about 15 percent of the vote in national elections.

The left has accused the right of battling the immigration bill to win over National Front voters.

The right counters that the left, by pushing the immigration measure, is trying to further weaken it by stirring up racist sentiment, driving mainstream rightist voters to the National Front.

Debate on the immigration bill resumes in the National Assembly on Tuesday.

Russians Release American Charged as Spy, but Keep Him in Country

By David Hoffman
Washington Post Service

MOSCOW — The Russian internal security service has released Richard Bliss, the telephone technician charged with espionage Friday for using electronic land-surveying equipment near a secret Russian military installation.

Mr. Bliss, freed after sharp protests from Washington, must remain in the southern city of Rostov-na-Donu pending trial, the Federal Security Service said.

He was arrested there Nov. 25 while helping to install a local wireless telephone network.

The security service statement Saturday said nothing about dropping the charges. Rather, it said the restrictions on Mr. Bliss, who was kept in solitary confinement, were being "eased."

He was freed after the U.S. ambassador to Russia, James Collins, appealed for his freedom, and after Qualcomm Inc., the San Diego-based company that employs him, provided a written guarantee, according to the Russian news agency Itar-Tass.

The nature of the guarantee was unspecified. Qualcomm said late Friday that Russian authorities were holding Mr. Bliss on a $5 million bond and that it was negotiating to transfer money for bail. It was unclear if the money was paid.

The company and the U.S. government have denied that Mr. Bliss was a spy.

The Russian security service made no mention of the bond. It said Mr. Bliss, 29, was freed "respecting the principles of humanity and the character of relations between our countries."

Mr. Bliss's detention and the subsequent charges of espionage drew high-level protests from the State Department and from Vice President Al Gore.

The Russian ambassador in Washington was called to the State Department and warned Friday that "this incident could have negative consequences" for U.S.-Russian commercial relations and for Moscow's attempts to integrate with the international community. Mr. Gore also spoke to Prime Minister Viktor Chernomyrdin about the case, his office said.

Mr. Bliss's employer has said that the equipment he brought into the country was legal and that he was not spying. Rather, it said, he was simply working to build a cellular telephone network under Qualcomm's contract with the local phone company, Elektrosvyaz.

The Spirit Of Christmas



Herald INTERNATIONAL Tribune
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The Kyoto Challenge

The United States faces an extraordinarily difficult challenge as it seeks this week to negotiate an international treaty on climate change with the rest of the world's nations in Kyoto, Japan.

This is so not only because the Clinton administration's standard bearer on this issue, Undersecretary of State Tim Wirth, bailed out to accept a job in the private sector just before this climactic conference was to begin. Nor are we referring here to the administration's last-minute decision to send Vice President Al Gore to Kyoto to deliver a 10-minute speech, hold a few meetings and then fly home, a contribution of uncertain value but one that will, as one White House wag put it, at least demonstrate that Mr. Gore is willing to "go the extra 27,000 miles" for the cause. Even the administration's long delay in coming up with a position is not the chief stumbling block here.

No, the real difficulty lies in the issue itself. Global warming presents a long-term challenge. It is serious but not urgent, it has been said, while politicians excel at problems that are urgent but not serious.

There is no question that human activity — particularly the burning of oil, gas and coal — will affect Earth's climate, increasingly so over the coming decades. There is no question, either, that the risks of this unprecedented human impact on climate include flooding, severe storms, droughts, pestilence and more. These risks are not imminent, however, and they cannot be quantified or predicted with any reliability. And therein lies the quandary: If we wait to take action until the risks are clearer, we may well be too late to avoid harm. But the alternative is to act before knowing whether the actions are worth the cost.

And that, of course, leads to the second great difficulty: There are costs associated with most measures aimed at curbing the emission of greenhouse gases that cause global warming. These costs are likely to include a slowing of economic growth and job creation; even if the most optimistic scenarios come true and there is no overall economic injury, some countries, regions and companies will pay.

Yet in the face of inaction the cost of climate change would not be shared equally, either — start with the low-lying island nations that could, quite literally, disappear. That is why an oil producer like Saudi Arabia is in Kyoto lobbying against any effective treaty, while a small island state like Antigua is desperate for results.

The United States bears a special responsibility. With less than one-20th of the world's population, it produces more than one-fifth of the world's greenhouse gas. It promised, back in 1992, to rein in the growth in its emissions and wrestle them back down to 1990 levels by the year 2000. Instead, the graph points steadily up: U.S. emissions will be, if current trends persist, 12 percent higher than 1990 levels by the year 2000 — and 34 percent higher by the year 2010.

It is true that China, with its huge population and rapid economic growth, will overtake the United States in annual emission totals by the year 2015, and that it must eventually be part of any global solution. But China and other poor countries have a legitimate claim to see real signs of U.S. commitment before they agree to compromise or slow their own economic development.

It was never realistic to expect that Kyoto would solve all problems and end this conversation. The world needs time to test and evaluate the best methods, technological and political, to slow greenhouse gas emission. But even modest progress is not assured, given the rifts still separating developed world from developing world, Europe from the United States.

The responsibility to compromise lies on all the parties. But whatever emerges or does not emerge from Kyoto, the responsibility to move beyond rhetoric and failed voluntary measures lies most heavily on the world's biggest polluter.

—THE WASHINGTON POST.

Madikizela-Mandela

In perhaps the saddest testimony yet heard by South Africa's Truth and Reconciliation Commission, 30 people have given evidence of serious crimes, including several murders, allegedly condoned or ordered by Winnie Madikizela-Mandela. Virtually every victim's statement to the commission has been heartbreaking, but there is special sorrow in credible testimony that a hero of the anti-apartheid struggle used her power against her own people.

Some of the testimony has been contradictory. A few witnesses have lent limited support to Ms. Madikizela-Mandela's contention that she had no involvement in crimes committed by her entourage. But over the course of eight days the case grew against her. (She added her maiden name to her married one after her divorce from Nelson Mandela last year.)

Among other witnesses, members of the gang of thugs who surrounded her, known as the Mandela United Football Club, testified that she had ordered people tortured, kidnapped and killed, and even participated directly in beatings and a murder. In 1991 she was convicted of instigating the kidnapping and assault of 14-year-old Stompie Seipei, who was later killed, and three others. A six-year sentence was later reduced to a $3,200 fine.

Her response has been inadequate. Some witnesses reported that her supporters tried to intimidate them out of testifying. At the closing hearing on Thursday, Ms. Madikizela-Mandela said that her accusers were of such bad character that they could not be believed. Asked why she surrounded herself with them, she replied that former apartheid leaders also murdered children. When Archbishop Desmond Tutu pressed her to apologize, she said to Stompie's mother and the family of a doctor whose death she allegedly ordered that she was sorry "things went horribly wrong."

Ms. Madikizela-Mandela's case is particularly important because she is still an African National Congress official with a wide following. She is a candidate for the party's deputy presidency, and if she wins election to that post she could become deputy president of the country in 1999. Her candidacy is opposed by mainstream ANC leaders but supported by the Women's League, which she heads, and by many poor people. The kidnapping conviction should have been enough to keep her off the ballot, but the hearing should remove all doubt.

She has a following today in part because she argues forcefully that the government her former husband leads has not brought enough progress to poor blacks. This message is one that the party must take seriously. But Ms. Madikizela-Mandela is not the person to deliver it.

—THE NEW YORK TIMES.

Other Comment

A World Criminal Court

Prosecution of German and Japanese leaders was meant to show that the world would not countenance genocide, massacres, enslavement and torture as merely the unfortunate side-effects of war. Treaties outlawing such barbarities were signed soon after the Nuremberg and Tokyo trials. A permanent international criminal court was supposed to follow. But the Cold War intervened, and the court was never set up.

For millions of people caught up in fighting since then, or tyrannized by their governments, the stack of human rights treaties have remained a dead letter, a mockery of those who had claimed that Nuremberg was a turning point. Now, more than 50 years on, the world is about to try again. This time, it deserves to succeed.

Delegates from over 100 countries are meeting this week at the United Nations to negotiate the details of a new international criminal court, a permanent version of the ad hoc tribunals set up to try those accused of atrocities in ex-Yugoslavia and Rwanda. After three years of quiet diplomacy, most countries believe that such a court will be established. The United States and Britain have strongly backed the idea, and the other three permanent members of the UN Security Council also support it in principle. A conference to agree on the final text of a treaty establishing the court is scheduled for next June in Rome.

— The Economist (London).

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Liberal Democracy Is About More Than Voting

By Stephen S. Rosenfeld

WASHINGTON — Democracy was supposed to be the great American gift to the post-Cold War world. So it comes as no mean embarrassment that less than a decade later many find that democracy is not what it was cracked up to be.

In many places, democracy is less the solution than the problem: the new problem of the illiberal content of democracy — people choosing bad things like racism and selfish power.

As the Cold War wound down, many Americans felt that democratic values had triumphed, that America had a duty and opportunity to usher others into the charmed circle, and that American resources and their readiness made the project feasible. But that was before Sudan, Sierra Leone, Uganda, Pakistan, Turkey, Peru, Singapore, Azerbaijan and the dozens of other cases in which, in the '90s, democratic electoral procedures were used to gather up power that was then applied in what most of us would call an undemocratic way.

In Russia, Boris Yeltsin, waving the democratic banner, literally shot up (a rogue) Parliament. In Yugoslavia, democracy became the tool of mass murder. In Rwanda, a Western-backed multiparty election separated out the tribes and contributed to genocide.

Fareed Zakaria in Foreign Affairs ("The Rise of Illiberal Democracy") and Robert D. Kaplan in the Atlantic Monthly ("Was Democracy Just a Moment?") remind us that democracy as electoral choice, even competitive multiparty choice, exposes a society to its worst judgments as well as to its best.

Without a system that protects individual rights and puts institutional limitations on central power, democracy can become a ticket to a crude anything-goes majoritarianism, to anarchy and to the tyranny that fills the vacuum created by anarchy.

Since we live in a democratic age, Mr. Zakaria notes, there is no getting away from democracy. He thinks that the problems of governance in the next century will likely be problems within democracy. "This makes them more difficult to handle, wrapped as they are in the mantle of legitimacy."

America must better understand and explain the true nature of its own democracy. It is not simply a doctrine of direct popular expression. The American model comes with many checks and balances on executive power. It comes also with the sort of propertied professional middle class that it takes a century or two to shape up. And with a commitment to civil liberties, the rule of law and the separation of powers.

These are the building blocks of the requisite constitutional liberalism. They cannot be found in most Third World places, although fortunately they do exist in much of formerly Communist-controlled Central Europe, a region sharing the Western class structure and political tradition.

It follows that America must exercise a little humility and prudence. Instead of "searching for new lands to democratize and new places to hold elections," Mr. Zakaria suggests, it would be better to "consolidate democracy where it has taken root and to encourage the gradual development of constitutional liberalism across the globe."

Democracy without constitutional liberalism "is not simply inadequate, but dangerous, bringing with it the erosion of liberty, the abuse of power, ethnic divisions, and even war."

Mr. Kaplan maintains a shorter-term focus on dealing with things as they are. He would come to political terms with the existing collection of "pragmatic hybrid" regimes poised somewhere between democratic and authoritarian poles: the "military paternalism" of Turkey, the "subtle authoritarianism" of Alberto Fujimori's Peru, even the "neo-authoritarianism" of Singapore.

His favorite regime is that of the unelected army-backed Pakistani prime minister of 1993, the World Bank technocrat Moeen A. Qureshi: "Because [he] had no voters to please, he made bold moves that restored political stability and economic growth."

The two writers plainly doubt that the familiar levers available to American policy — public reprimands, economic penalties and the like — will do much to make faltering governments more democratic. Mr. Kaplan thinks that growth requires the sort of social discipline that democracy discourages.

This is bound to be a continuing dilemma for America, which is accustomed to speaking of democracy and development in the same breath. You can have it all, says Washington. Maybe not, say these students of real choices.

Look at my program, says Carl Gershman, head of the National Endowment for Democracy, the publicly financed, privately administered American agency for strengthening would-be democracies. He sees the global pro-democracy movement "falling out of fashion" and urges other nations to open up democracy-building foundations like his own.

That is a bureaucrat's response, which cuts across Mr. Kaplan's belief that democracies are nourished not by moral fiat but by "organic outgrowth." But the agenda of the National Endowment for Democracy for promoting free markets, political parties and independent labor movements points a way.

The Washington Post.

Constitutional Liberalism Ought to Be the Goal

By Fareed Zakaria

FROM Peru to the Palestinian Authority, from Slovakia to Sri Lanka, from Pakistan to the Philippines, we see the rise of a disturbing phenomenon — illiberal democracy.

It has been difficult to recognize this problem because for almost a century in the West democracy has meant liberal democracy — a political system marked not only by free and fair elections but also by the rule of law, a separation of powers, and the protection of basic liberties of speech, assembly, religion and property.

In fact, this latter bundle of freedoms — what might be termed constitutional liberalism — is theoretically different and historically distinct from democracy. Today the two strands of liberal democracy, interwoven in the Western political fabric, are coming apart in the rest of the world. Democracy is flourishing; constitutional liberalism is not.

Popular leaders such as Russia's Boris Yeltsin and Peru's Alberto Fujimori bypass their parliaments and rule by decree, eroding basic constitutional practices. Ethiopia's elected government turns its security forces on journalists and political opponents.

Naturally there is a spectrum of illiberal democracy, from modest offenders such as Argentina to near tyrannies like Kazakhstan and Belarus, with countries such as Romania and Bangladesh in between.

Along much of the spectrum, elections are rarely as fair as in the West today, but they do reflect the reality of popular participation in politics and support for those elected.

Freedom House's 1996-97 survey, "Freedom in the World," has separate rankings for political liberties and civil liberties, which correspond roughly with democracy and constitutional liberalism. Of the countries that lie between confirmed dictatorship and consolidated democracy, half do better on political liberties than on civil ones.

In other words, half of the "democratizing" countries in the world today are illiberal democracies.

During the last two decades in Latin America, Africa and parts of Asia, dictatorships have given way to democracy with no intervening liberalization. The results are not encouraging.

Elections have been held in most of the 45 sub-Saharan states of Africa since 1991, and there have been many setbacks for freedom.

In the Islamic world, democratization has led to an increasing role for theocratic politics, eroding long-standing traditions of secularism and tolerance. In many parts of that world, such as Tunisia, Morocco, Egypt and some of the Gulf states, were elections to be held tomorrow, the resulting regimes would almost certainly be more illiberal than the ones now in place.

Elections are an important virtue of governance, but they are not the only virtue. Economic, civil and religious liberties are at the core of human autonomy and dignity. If a government with limited democracy steadily expands these freedoms, it should not be branded a dictatorship.

The pressures of global capitalism can push the process of liberalization forward. Markets and morals can work together. Even China, which remains deeply repressive, has given its citizens more autonomy and economic liberty than they have had in generations.

The international community should consolidate democracy where it has taken root and encourage the gradual development of constitutional liberalism across the globe.

The writer is managing editor of Foreign Affairs, from which this comment has been adapted.

Caring for the World's Refugees Keeps Getting Harder

By Sadako Ogata

GENEVA — The 1990s have witnessed a succession of brutal civil wars and communal conflicts in which millions of people have had to flee for their lives — Burundi, Chechnya, Colombia, Liberia and Sri Lanka, to give a few examples.

Elsewhere, particularly in former Yugoslavia, the Caucasus and the Great Lakes region of Africa, masses of women, children and men have been deliberately forced to abandon their homes so that their land and property could be occupied by others.

In the post-Cold War years, mass population displacements have become both an objective and a tactic of war.

An equally disturbing trend is to be seen in the growing number of people around the world who are stateless and have been deprived of citizenship rights in the country they consider to be their home. Recent experience in the former Soviet Union, the Middle East, Central Africa and South Asia has demonstrated that stateless people are particularly vulnerable to harassment, persecution and expulsion.

While large numbers of people continue to suffer the trauma of displacement, it is increasingly difficult for them to find a safe refuge. Rich and poor nations alike are closing doors to refugees and forcing them to return to situations where their life and liberty are at risk.

The office of the UN high commissioner for refugees, UNHCR, has a particular responsibility to safeguard the security of people who have been uprooted or threatened with displacement. That task has become increasingly difficult.

In the past decade, the world's most powerful states have placed progressively higher expectations on UNHCR and other humanitarian organizations, largely as a result of reluctance to take more decisive forms of action when civil wars, crimes against humanity and even genocides occur.

Humanitarian organizations have been obliged to work in the heart of conflict zones, where the laws of war are systematically flouted by the combatants.

In Afghanistan, Bosnia, Congo, Liberia and Somalia, aid agencies have seen their relief supplies plundered, their vehicles and communications equipment stolen and their staff members singled out for attack.

In the worst instances, armies and militia groups have gone so far as to manipulate the distribution of food and other relief items so that the intended beneficiaries can be robbed or even massacred.

Despite such terrible incidents, we must not lose sight of the fact that humanitarian action continues to play an important role in safeguarding the security of people threatened by armed conflict. How many more people would have suffered and died had it not been for the airlift into Sarajevo, for example, or the emergency relief operations that the United Nations and others have established in war-torn societies such as Liberia, Somalia and Sudan?

In situations where armed conflicts have come to an end or diminished in intensity, humanitarian organizations can contribute to the peacebuilding process by helping displaced people to go back to their homes, to re-establish their livelihoods and reconstruct their communities. UNHCR's recent programs in Bosnia, Cambodia, Guatemala and Mozambique have been designed with this purpose in mind.

Ultimately, the tools available to UNHCR and other humanitarian organizations are limited. However proficiently such agencies are managed and however smoothly their work is coordinated, they cannot bring civil wars to an end, oblige governments to respect the human rights of their citizens or prevent the deliberate displacement of civilian populations.

If the state of the world's refugees and displaced people is to be improved, therefore, humanitarian action must be combined with an effective political and economic agenda.

Poverty must be eliminated and income differentials reduced. The arms trade must be curtailed. Longer-term efforts must be made to consolidate peace and promote human rights in societies which have experienced long periods of conflict or authoritarian government. And those individuals who wield power over the lives of others must be held accountable for their actions.

As recent experience has demonstrated in the Balkans and Central Africa, mass population displacements can have an important impact on national and regional stability, especially when they involve countries with weak economies, fragile political systems and a delicate balance of ethnic groups.

So resolving the refugee problem is not just a question of charity or humanitarian concern. It also forms an integral part of the United Nations' efforts to establish a more peaceful, prosperous and secure world.

The writer is the UN high commissioner for refugees. She contributed this comment to the International Herald Tribune.

Back to Angry Voters in India

By Gita Mehta

NEW YORK — The pillared building that houses India's Parliament is a vast sandstone circle embracing the competing aspirations of nearly a billion people. Inside, the real power lies with 545 directly elected members of the lower house.

Visitors who cross their legs are brusquely admonished by marshals to sit correctly. It is illegal to cross your knees in the visitors' gallery.

During the past three weeks, such insistence on etiquette seemed misplaced when the members themselves indulged in such disruptive behavior that the speaker was forced to adjourn the house. Lawmakers prayed that somehow, despite their conduct, another election could be avoided.

The situation was created by the Congress Party, which in one form or another has ruled for 45 of India's 50 years of independence. Last month it whimsically withdrew support from the governing United Front coalition led by Prime Minister I. K. Gujral.

Seven months earlier, in a previous bout of Congress Party muscle-flexing, the United Front coalition was forced to change its prime minister. This time, the exasperated prime minister chose to resign, forcing President K. R. Narayanan to invite any party able to muster a majority to form a new government.

Now, 18 months into what should have been a five-year Parliament, new elections have been called for February. The dissolution of yet another government has encouraged pessimists to again predict the demise of Indian democracy.

But appearances are deceptive. If anything, the fact that India's political system has withstood such upheaval is further evidence of the strength of its democracy.

Before the president was forced to call an election, a bemused nation watched politicians somersault from one self-justifying position to another in a transparent attempt to cobble together any majority that would permit Parliament to continue.

The Congress Party was unable to engineer enough defections and alliances to gain a majority. The Hindu-revivalist Bharatiya Janata Party, the largest party in the lower house, also failed, despite the blatant use of what Indians call "money power" — financial inducements to defect.

Editorials in the newspapers excoriated the Congress Party for pointlessly precipitating the crisis. After all, even as the economies of Southeast Asia were beginning to crack, India's economy was strengthening — until recent political instability led to plummeting exchange rates.

Suddenly, scheduled visits from the presidents of Russia, France and the United States were in jeopardy. And prospects for an international conference in Calcutta, intended to attract major investment, appeared dimmed.

Vital bills scheduled for the current session — including reserving one-third of parliamentary seats for women, and further liberalization of the economy — will most likely be delayed.

Paradoxically, this chaos has revealed the strength of Indian democracy. Stretched to the limit, the constitution has held. And serious debate has begun on ensuring stability in what promises to be an era of coalition governments.

The president has conducted himself with perfect propriety. The use of "money power" to influence members of Parliament has proved ineffective. And the election commission seems determined to weed out candidates with criminal records.

Most important, the balance of power has visibly shifted. The strutting politician is no longer confident of success. Voters have become increasingly impatient with their representatives' antics.

The captive vote is captive no longer. The minority communities have shifted their allegiance. The lower castes now vote for their own leaders, and regional parties are increasing.

Fearing the electorate's rage, every party is now pleading that it was not responsible for forcing another general election. Early polls indicate that the election's defining issues will be health care, education, clean drinking water and electricity.

This is democracy indeed, and I am glad I am not standing for election. I would not want 600 million Indian voters pointing their ballots threateningly at me and hissing "Stand and deliver!"

The writer, author of "Snakes and Ladders — Glimpses of Modern India," contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: China Complies

PEKING — China, hoping for the evacuation of Kiao-Chau, agrees unconditionally to all Germany's demands — namely, compensation for the families of the murdered missionaries, the erection of a memorial church at Tsi-Ning-Chau on the Grand Canal and an imperial tablet at Kuye; the payment of the expenses of the occupation of Kiao-Chau and mining and railway privileges.

1922: Turkish Scheme

LAUSANNE — The American delegation joined in a protest of the Allies against the enforced deportation of the Ottoman Greek population of Constantinople. The American objection is made principally on the ground that it would mean sending urban people to rural districts, and this would be against humanitarian principles. The Turks declared that the reason behind their plan was that the two peoples could not live together, and that it was serving the best interest of peace to deport these Greeks.

1947: Conservation

EVERGLADES CITY, Fla. — President Truman dedicated the newest national park with a call for constant vigilance against selfish raids on the country's national resources. Mr. Truman, speaking at the official opening of Everglades National Park, pleaded mainly for conservation in criticizing those who would deplete national resources "for private gain." He also linked such conservation with the country's future international position. He said: "Wise use of our natural resources" is part of the nation's responsibility to its citizens and to "world order, world peace and world recovery."

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LANGUAGE

A Day of Infamy, a Speech to Remember

By William Safire

NEW YORK — This is a good day to take a close look at a famous speech. The day after the Japanese attacked Pearl Harbor, President Franklin D. Roosevelt — who could have turned to his great speechwriters, Robert Sherwood and Samuel Rosenman, for his speech to Congress calling for a recognition that "a state of war has existed" — chose to write the message himself. He dictated this to Grace Tully, his secretary:

"Yesterday, December 7, 1941, a date which will live in world history," went the first draft of his six-minute message, "the United States was simultaneously and deliberately attacked by naval and air forces of the Empire of Japan."

FDR was not satisfied with that. *Simultaneously* dealt with the naval and air forces operating as a unit, which was not his central point; besides, it was a six-syllable word. He changed *simultaneously* to the more dramatic *suddenly*, which went to the surprise nature of the combined attack.

What about "a date which will live in world history"? That seemed to credit the Japanese with an historic act and carried with it no condemnation. He reached for a word that expressed "shame, disgrace, evil reputation, obloquy, opprobrium." His choice: *infamy*. Because the adjective *infamous* is within the periphery of understanding of most English speakers, the noun *infamy* was a better choice than, say, *obloquy* or the more bookish *opprobrium*.

History has a way of editing phrases to make them more memorable. Just as Churchill's "blood, toil, tears and sweat" has been shortened in memory to "blood, sweat and tears," FDR's "date which will live in infamy" has been cut to "FDR's *day of infamy* speech."

Looking over the drafts supplied by the archivist Raymond Teichman at the Franklin D. Roosevelt Library in Hyde Park, New York, I note that the president added and then crossed out "without warning" — why should an attacker give warning? — and handled the duplicity of Japanese negotiations with "was continuing the conversations," which he shortened to "was still in conversation."

Franklin D. Roosevelt chose to write the message himself.

FDR, reading what he had dictated, evidently felt the message needed a lift. He wrote an insert: "No matter how long it may take us to overcome this premeditated invasion, the American people will in their righteous might win through to absolute victory."

Every president can make use of good writing help. Lincoln used a suggestion of his secretary of state, William Seward, in developing "the mystic chords of memory" peroration to his first Inaugural address. In the final draft of FDR's war message, the student of perorations in speechwriting can see the handwriting of Harry Hopkins, the president's closest adviser. Under the word *Deity*, he suggested an insertion, reminding the president that a reference to God was called for.

To lift the spirit of a stunned nation, Hopkins, not noted for his writing skill, wrote in the line that subtly evoked Lincoln's wartime "with firmness in the right," and combined it with an adaptation of the final few words of the presidential oath: "With confidence in our armed forces — with faith in our people — we will gain the inevitable triumph — so help us God." FDR then escalated "faith in our people" to "with the unbounded determination of our people."

Sherwood, the dramatist who had won a Pulitzer Prize for "Abe Lincoln in Illinois," might have been understandably grumpy at being shut out of such an historic speech. He did not hear the echo of Lincoln's triple-*with* construction in his second Inaugural ("With malice toward none, with charity for all, with firmness in the right") in Hopkins's insertion.

FDR scrapped his own insertion about winning through to victory and, making emendations, chose Hopkins's line instead. All this is why, as Americans remember Pearl Harbor, speechwriters remember the Pearl Harbor speech.

New York Times Service

BRIDGE

By Alan Truscott

WINNING the Reisinger Board-a-Match Teams at the end of the American Contract Bridge League's Fall Nationals were Sidney Lazard Sr. of New Orleans, Bart Bramley and Howard Weinstein of Chicago and Steve Garner of Northbrook, Illinois. All four have won many titles, and Lazard won the same title as far back as 1960. His younger teammates are all options traders in Chicago.

The winners survived a slight bidding misunderstanding on the diagramed deal. Lazard and Bramley, as East-West, brought home four spades, which was unbeatable. After the best lead of a trump, West wins and puts North to the test with a diamond lead. If North takes his ace, the declarer scores two tricks in the suit. If he doesn't, a club ruff can be maneuvered.

NORTH (D)
♠ 10 7 3
♡ K 10 4
◇ A J 9 8 7
♣ K 8

WEST
♠ A K Q 8 6 4 2
♡ 8
◇ 5
♣ 10 9 4 3

EAST
♠ 9 5
♡ Q J 6 5 3
◇ K Q 4 3 2
♣ A

SOUTH
♠ J
♡ A 9 7 2
◇ 10 6
♣ Q J 7 6 5 2

East and West were vulnerable.

The bidding:

North	East	South	West
1 ◇	Pass	1 ♡	4 ♠
Pass	Pass	5 ♣	Pass
5 ♡	Dbl.	Pass	Pass
Pass			

West led the spade king.

Garner and Weinstein, as North-South, took advantage of the favorable vulnerability to save over four spades, but they landed in the wrong suit when North gave preference to five hearts over five clubs. Whether South should bid five clubs or four no-trump when he does not want preference is a matter of partnership agreement.

Weinstein had to struggle in five hearts doubled, a four-three fit, and it was vital to make eight tricks to win the board. He ruffed the second spade lead and led a club to the king, losing to the ace. East shifted to a low trump, and after winning with dummy's 10, South cashed the king. He then led a club, and East discarded a diamond. A club was ruffed with dummy's remaining trump and East made a good play by discarding another diamond. The position is shown at right.

Bramley, needing three more tricks to reach his target, made the key play of a low diamond from the dummy. East won and led a heart but was helpless when South won and led the club jack.

NORTH
♠ 10
♡ —
◇ A J 9 8 7
♣ —

WEST
♠ Q 8 6 4
♡ —
◇ 5
♣ 10

EAST
♠ —
♡ Q J 6
◇ K Q 3
♣ —

SOUTH
♠ —
♡ A
◇ 10 6
♣ J 7 6

BOOKS

ONE OF US

By David Freeman. 278 pages. $23. Carroll & Graf.

Reviewed by Richard Bernstein

THIS spicy and elegiac novel by David Freeman puts one in mind of "The Alexandria Quartet" by Lawrence Durrell, not because of its style or story but because of its intensely flavored sense of place, the voluptuousness of an Egypt that has disappeared.

Like Durrell, Freeman lusciously evokes a world of exoticism and sensuality and its clash with European inhibition. "The Empire is about avoiding the monotony at home," Freeman has one of his Englishmen in Egypt say near the end of "One of Us." The book suggests an identical motivation, a kind of literary escape from the here and now.

"One of Us" takes place between the mid-1930s and 1942 in Alexandria and Cairo (there is also an affecting present-day epilogue), and Freeman fully exploits the richness of that time and those places.

Britain does not run Egypt as part of the Empire in these years; it runs it indirectly as a crucial sphere of influence. Or as the young King Farouk, in many ways the story's central character, succinctly puts it, "The canal, the canal, always our canal, isn't it?"

The second most influential man in the country in this sense is Sir Malcolm Cheyne, who is fictional but is modeled on the British ambassador at the time. As the novel opens, Malcolm is pursuing one of his main projects, which is to make Farouk, not yet king but heir to the throne of Tutankhamen, as British as possible. Hence the ironic title, "One of Us."

As part of his effort, Malcolm brings a young scholar named Jimmy Peel from England to tutor Farouk, but



Jimmy soon finds that Farouk has a boyish resistance to Malcolm's pedagogical plans and to most of his other plans as well. Matters become personal as well as imperial when Malcolm marries a much younger woman named Vera Napier, a coquettish beauty who quickly becomes the object of a sexual fascination on the part of Farouk, now the king. Meanwhile, World War II looms. The Germans and the British vie for Egypt's and Farouk's allegiance. "One of Us" turns into a savory tale of politics, romance, betrayal and revenge.

That might make Freeman's book sound like an exotic melodrama, but in fact it is told with such quiet restraint and delicacy that what emerges is more poignant than theatrical. Jimmy and Vera alternate as narrators, sometimes relating the same events from their different points of view.

Jimmy's first experience with Egypt is in Alexandria, "the cerebral and libidinous city of excess," where the court spends the summer to avoid the desert heat of Cairo. There Jimmy falls away from his Englishness, or perhaps more accurately, he takes on a second identity distinct from that of the well-born and well-bred Englishman he is in his other life. He goes to brothels; he smokes opium; he has a good time.

The theme here, similar again to one of Durrell's, is temptation by the gorgeously subversive East, to which Vera, unlike her commandingly able husband, falls prey as well. Freeman's well-drawn characters are not postcolonial caricatures with no ear for the strains of moral and political ambiguity that they bear around them. For Malcolm, Egypt is a British interest pure and simple. For Jimmy and Vera and Freeman's readers, it is a domain of the spirit and of the senses to be feared and appreciated.

"One of Us" is a delicious novel, full of understated eroticism and intellect and able to make you feel a vicarious nostalgia for a world that has been swept away.

New York Times Service

CROSSWORD

ACROSS

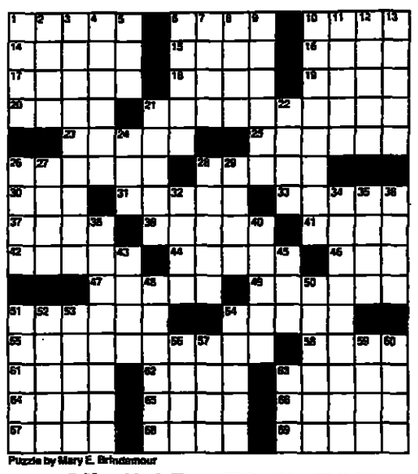
1 "I give up!"
6 Does and bucks
10 Writer Hunter
14 Environment-friendly energy choice
15 Gather leaves
16 It's full of shafts
17 French love affair
18 Products of a 18-Across
19 Customer
20 Hatfield-McCoy affair
21 Place of bliss
22 Stick-on
25 "Here's to you!" and others
26 Hotelier Hilton
28 Make drunk
30 Prefix with cycle
31 Cut into cubes
33 Electrical pioneer Nikola
37 Billions of years
39 House of the Seven Gables site
41 Exhibition
42 Gloomy, in poetry
44 "All sales ——"
46 Playwright Burrows
47 Flood embankment
48 Displayed ennui
51 Entertain, as with stories
54 1924 Ferber novel
58 Place of bliss
58 Irish offshoot
61 ——mutuel
62 Worker protection org.
63 From Mars, say
64 Margin
65 Airline to Tel Aviv
66 Sat and did nothing
67 Requisite
68 Specks
69 Pre-1917 Russian rulers

DOWN

1 It has its academy in Colo. Spr.
2 Alaskan outpost
3 Place of bliss
4 Cosmetician Estee
5 Flub
6 Openly salivate
7 Make, as money
8 Managed, with "out"
9 Adjusts, as a clock
10 Copies
11 Travel papers
12 Regarding
13 Hardly hipsters
21 African waterbeds
22 Plant anchorer
24 No-goodnik
26 Prompted
27 —— about (circa)
28 Contradict
29 Paradise
32 Eatery
34 Place of bliss
35 Earring site
36 In wonderment
38 On the payroll
40 Giuliani, e.g.
43 Depend (on)
45 Inventor's workplace
48 Said no to
50 Exercises, as authority
51 Come of age
52 Get around
53 Stuff to the gills
54 Flippered animals
56 Nobel Peace Prize city
57 One of the five W's
59 Séance holder
60 Quashes
63 River islet

Solution to Puzzle of Dec. 5

F	E	M	A		J	A	C	K	I	E	C	H	A	N
A	N	O	N		E	V	A	N	G	E	L	I	Z	E
S	T	U	D		R	E	P	E	L	L	E	N	T	S
T	O	R		B	O	R	N	E	O		A	D	E	S
P	U	N	J	A	B			O	P	T	I	C		
A	R	I	O	S	O		J	O	S	I	E			
C	A	N	E		A	J	A	X		E	D	I	T	S
E	G	G		M	A	N	E	S			V	E	T	
D	E	S	K	S		C	I	N	Q		J	A	N	E
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O	P	E	N	S	E	S	A	M	E		S	N	I	T
L	I	N	E	D	R	I	V	E	S		A	D	Z	E
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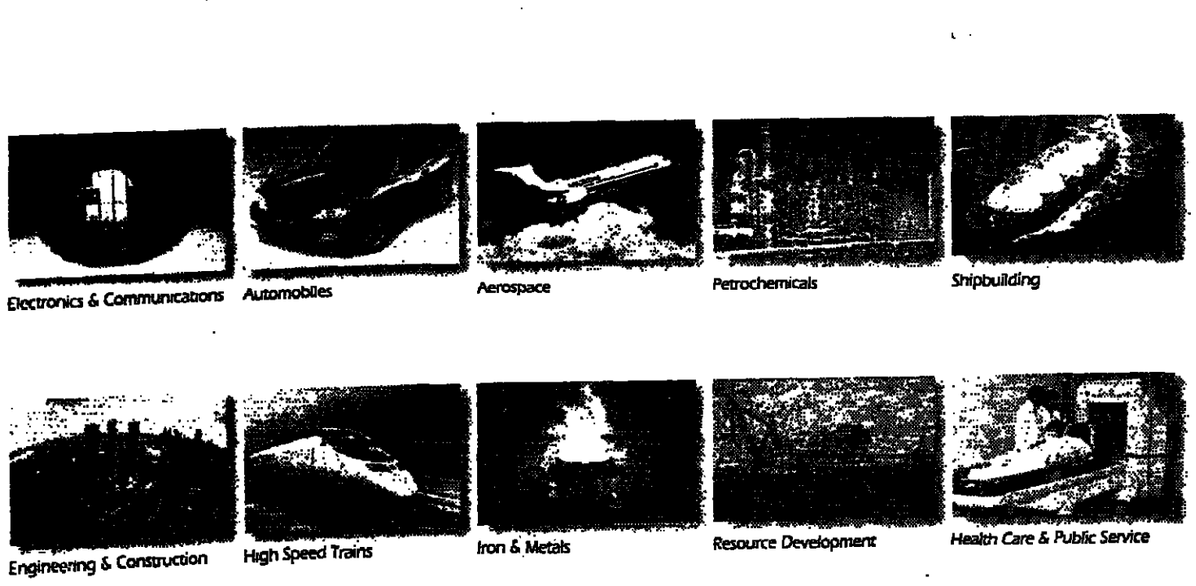


Puzzle by Mary E. Brindamour

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5 HYUNDAI

Are You in Our Future?



Over the past fifty years, Hyundai innovations have made a world of difference.

Today, our cars move people in over 190 countries. Our oil tankers deliver the fuel that powers economic development to every continent. Our semiconductors store and process the data that will take technology to the next level. And we've only just begun.

You see at Hyundai, each product and service we develop becomes the inspiration for future innovations. Innovations designed to meet the customer's psychological needs as well as physical ones. And that will bring us all something very important. A better life.

Are you in our future?

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Moscow Debates Increasing Reliance on Nuclear Deterrent

By Walter Pincus
Washington Post Service

WASHINGTON — Military and civilian leaders in Russia are debating whether to increase reliance on nuclear weapons to deter attacks from neighboring nations, enabling Moscow to make further cuts in its large and costly army, navy and air force, the CIA has reported.

"At present," the CIA told Congress in material released last week by the Senate intelligence committee, "a number of Russian observers advocate placing greater reliance on nuclear weapons to compensate for the deficiencies" of conventional forces.

Some Russian officials, the agency added, even "have called for developing first-use and limited-use nuclear options to prevent a regional conflict from expanding into a broader war."

The new Russian military doctrine had been expected to be approved last May by President Boris Yeltsin, but a senior U.S. official said last week that it was "still under active debate."

A senior administration foreign policy official described the potential movement within the Russian government toward greater reliance on nuclear weapons as "a serious downside of NATO enlargement" that is not getting a hearing before U.S. policymakers and the public.

With little publicity, Moscow in 1993 adopted what was described as a transitional military doctrine that eliminated a "no first use" pledge on nuclear weapons and restructured the Russian military into a mobile force with a strategic reserve capable of handling "local and regional wars along Russia's periphery," the CIA said.

The State Department, in describing its view of Moscow's 1993 doctrine to the Senate panel, said the Russian government described any future conventional attack against its nuclear forces or early warning systems "as tantamount to a crossing of the nuclear threshold," the committee materials said.

And in a reference to the former Warsaw Pact countries now in line to join NATO, State Department analysts said: "The 1993 doctrine also stated that Russia reserved the right to initiate the use of nuclear weapons if it is attacked by a nonnuclear weapons state allied with or supported by a nuclear weapons state." This change brought Russian policy in line with long-standing U.S. nuclear policy.

■ Delay on START-2 Vote

David Hoffman of The Washington Post reported from Moscow:

A senior Russian legislator said that the lower house of Parliament, the State Duma, was unlikely to ratify the START-2 nuclear weapons reduction treaty this year because of widespread opposition from Communists and nationalists.

Vladimir Lukin, chairman of the Duma foreign affairs committee who has been a supporter of the treaty and is a leader of the centrist Yabloko bloc, said the treaty had become "over-politicized," especially by the Communist Party.

The 450-member Duma is dominated by Communists and nationalists.

In remarks quoted by the Interfax news agency, Mr. Lukin urged Parliament to realize that Russia would benefit from ratification if it was accompanied by the "speedy conclusion" of a follow-on treaty, START-3, to cut nuclear arsenals even further.

Viktor Ilyukhin, chairman of the Duma security committee and a Communist, reiterated the faction's opposition to ratification. START-2, he said, is "beneficial only for the United States and NATO, but not for Russia, which may lose its last defense shield if this document is ratified."

STRATEGY: *Change in Nuclear Doctrine*

Continued from Page 1

The document affirms, for example, that the United States will continue to rely on nuclear weapons as a cornerstone of its national security for the "indefinite future," and that it will retain a triad of nuclear forces consisting of bombers, land-based missiles and submarine-based missiles, said Robert Bell, a special assistant to the president and senior director for defense policy at the National Security Council.

Critics of U.S. nuclear policy have suggested that Washington consider following the example of France, which gave up its vulnerable force of land-based strategic missiles, partly to save money and partly to undercut incentives for an enemy first-strike against such missiles. France and England rely solely on nuclear-equipped bombers and submarine weapons for deterrence.

Several officials said the "presidential decision directive," known informally as a PDD, was prepared within an extraordinarily restricted circle of senior policymakers — numbering no more than two dozen people — from the National Security Council, the Defense Department, the Joint Chiefs of Staff, the Central Intelligence Agency, the State Department and the office of Vice President Al Gore.

The document set only broad targeting policy and will be translated over the next 10 months into more concrete military requirements — such as preparations to strike specific targets — by the military staff of the Strategic Command, the officials said.

Mr. Bell of the National Security Council declined in an interview Friday to specify the length of the directive, the date it was signed or its formal title; he also declined to answer questions about the countries it named as targets. He said that the secret deliberations were warranted by their extreme sensitivity and that the administration had not planned to make a public statement about the directive or discuss it with foreign governments. He said the White House agreed to comment only because The Washington Post was preparing an article on the directive.

"The presidential directive describes in general fashion the purposes U.S. nuclear weapons serve and provides broad guidance for military planners who prepare the actual operations plans and targeting plans for our nuclear forces," Mr. Bell said.

He said the directive recognized that because the Cold War had ended and many changes had occurred in Russia and elsewhere over the past seven years, "nuclear weapons now play a smaller role in our nuclear security strategy than at any point during the nuclear era."

"Most notably, the PDD removes from presidential guidance all previous references to being able to wage a nuclear war successfully or to prevail in a nuclear war," Mr. Bell said. "The emphasis in this PDD is therefore on deterring nuclear wars or the use of nuclear weapons at any level, not fighting" with them.

At the same time, Mr. Bell added, "it would be a mistake to think that nuclear weapons no longer matter, or that they no longer matter to this administration."

Such weapons are still needed to deter "aggression and coercion" by threatening a response that "would be certain and overwhelming and devastating." He noted that the directive still allowed the United States to launch its weapons after receiving warning of attack — but before incoming warheads detonated — and also to be the first to employ nuclear weapons in a conflict.

The directive was prepared in part at the urging of General John Shalikashvili, chairman of the Joint Chiefs of Staff at the time, and General Eugene Habiger, commander of the Strategic Command, who told Mr. Clinton last February that the requirements of Mr. Reagan's directive could not be met if the U.S. arsenal was reduced much below the ceiling of 3,000 to 3,500 weapons set by the 1993 START-2 treaty with Russia.

When Mr. Clinton and President Boris Yeltsin of Russia agreed last March to seek a new, lower ceiling of 2,000 to 2,500 weapons, the new guidance already was being drafted, Mr. Bell and other officials said.

The policy shift that Mr. Bell highlighted involves one of the most controversial features of Mr. Reagan's 1981 directive, which the Pentagon summarized in a 1982 classified document as requiring that U.S. nuclear forces "must prevail even under the condition of a prolonged war."

Many critics contended then that preparing to fight such a war was ludicrous, given the certain destruction of U.S. and Soviet societies in a nuclear exchange; they also predicted that the military would squander huge sums trying to develop weaponry and communications systems capable of outlasting such a war.

Partly to quiet the controversy, Mr. Reagan signed a joint statement with President Mikhail Gorbachev at a 1985 summit meeting pledging that "a nuclear war cannot be won and must never be fought."

But Mr. Bell said that until now, U.S. targeting policy did not reflect this rhetoric, because neither Mr. Reagan nor President George Bush had sought to amend the secret presidential directive.

Another senior administration official, who spoke on condition he not be named, said the policy shift was "significant" because it would enable the Pentagon to trim the number of nuclear weapons held in reserve for possible use after an initial nuclear exchange or two — a force estimated at more than 1,000 warheads, out of the roughly 8,000 nuclear weapons now deployed on U.S. bombers and intercontinental-range ballistic missiles.



Ilya Pitalev/Agence France-Presse

PRIMA DONNA OF A PARTNER — Russian cadets dancing with ballet school students Sunday in Moscow during a ball devoted to the youths' enlistment. Their college specializes in military tradition and history.

MIDEAST: *Calling Israel's Bluff*

Continued from Page 1

estinian fulfillment of their obligations."

Those obligations, stated in the same Oslo accords that require the Israeli redeployments, largely have to do with security cooperation and the battle against terrorism. But they can also be a pretext, under Mr. Netanyahu's constant refrain of "reciprocity," for not carrying out Israel's obligations under Oslo.

Mr. Netanyahu, when he chooses, tends to give all obligations equal weight — even other, arguably lesser matters.

While Palestinian security cooperation is vital to restoring Israeli confidence in the peace process, U.S. officials say, Israel alone cannot be the arbiter of when that cooperation has improved enough to justify a significant Israeli withdrawal from the West Bank.

Last week, the diplomatic correspondent of the liberal Israeli newspaper Ha'aretz, David Makovsky, wrote, "Netanyahu counts on Yasser Arafat's noncompliance with certain aspects of the Oslo accords to avoid having to take difficult decisions about the peace process."

In Mr. Netanyahu's game of "liar's poker," as the French newspaper Liberation called it, the United States is now trying to call Mr. Netanyahu's bluff and make him reveal his cards.

"It is this period between the cabinet decision in principle to withdraw and the real decision, about the details, that lends itself to American pressure," an Israeli official said. "That's what we're getting now."

Israel argues that first it must agree upon its own bottom lines for final boundaries, and then on that basis, make a withdrawal proposal. The size of that withdrawal is likely to depend on whether Mr. Arafat is willing to enter accelerated final-status talks before a third withdrawal is due in mid-1998.

But U.S. officials said that despite all Mr. Netanyahu's assertions that he wanted peace and could not be rushed into a fateful decision on Israel's boundaries, there was no evidence that he was engaged in studying a further withdrawal until the Clinton administration starting turning up the pressure in November and denied him a visit to the White House.

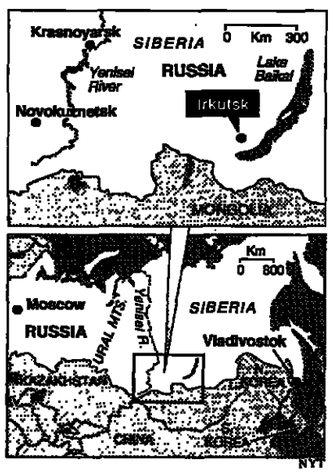
Three weeks ago, a senior State Department official said, "The Israeli government was signaling that it did not intend to do any further redeployments." Now Israel is committed to one and is discussing its size, nature and timing. "In the peace process business," he said, "that is a significant change."

But it also demonstrates the hard, detailed work required at the Middle East coal face to get anything done, which is another argument for Mrs. Albright to have finally committed herself to the task, however unpleasant or time-consuming.

"Madeleine Albright does not have the reputation for wearing kid gloves or holding her tongue," the French newspaper Le Figaro said Saturday. "But like Warren Christopher, she has encountered an unavoidable reality. Between the stubbornness of Benjamin Netanyahu and the indecision of Bill Clinton, it is difficult to set a course for American policy."

While she insists she will not "tread water" in the Middle East, it is becoming clear to her staff that conservative Israeli governments do not move without visible and constant U.S. pressure.

But the level of her engagement now means that Mrs. Albright's own reputation is increasingly on the line. Given the deep political reluctance of Mr. Clinton and Vice President Al Gore to take a confrontational route, there must be a part of Mr. Netanyahu that is tempted to raise the stakes again and call Mrs. Albright's hand.



NYT

CRASH: *At Least 48 Die After Cargo Jet Comes Down in the Siberian City of Irkutsk*

Continued from Page 1

city of Kuzbass and for that tragedy, President Boris Yeltsin ordered a national day of mourning. Last year alone, more than 200 people died in 43 air crashes.

"We have just finished mourning across the country for the miners who died in Kuzbass. This was a national tragedy, but you see, they happen one after the other," Mr. Chernomyrdin said in televised remarks. "Of course, there are no words to calm people. It is hard to find words today, and they will not help."

Survivors and neighbors gathered at the scene of the crash to search for friends and relatives and to stare at the billows of steam rising from where the apartment build was. Nearby buildings were also charred; two children died when flames penetrated Orphanage No. 1.

One woman from a neighboring building gave testimony to television cameras: "I looked outside and saw the plane going down, getting lower and lower. Then I heard this 'trrrk' sound and wondered, what's happening.

"I felt a tremor go through me and I felt awful. Then I heard a bang and all my doors and windows flew open. I was really frightened."

She and her family grabbed coats and fled to the street.

Two coincidences probably kept the death toll down, Russian officials said. First, for yet unexplained reasons, the neighborhood gas lines were cut off Saturday morning, reducing the chances for collateral explosions and fires. And the moment of the crash — about 2 P.M. — is a time when many Russians are on the streets doing weekend shopping.

About 200 fire rescuers were flown from Moscow to Irkutsk Saturday; on Sunday, their trained dogs sniffed the wreckage for bodies. Three hundred servicemen from the Irkutsk garrison provided bulldozers, cranes, trucks, buses, radio equipment and hot meals for the 1,400 rescuers on hand, the Tass news agency said.

The Antonov-124 cargo plane is one of the world's largest; it is about 70 meters long. Damage from the crash was multiplied because the vessel carried a full load of fuel.

It fell from a height of only 60 meters, just after taking off from an industrial air field. It had picked up a pair of Sukhoi-27 fighter jets and was to deliver them to Vietnam.

Russian reporters are beginning to question the circumstances of the transport of the Sukhoi jets to Vietnam. Recently, Vietnam and Russia signed a military cooperation agreement, although no jet sales were announced.

The Anotov cargo jet was leased by a private company called Cargo Service, raising the question of whether the transfer of the jets was a government deal or part of a smuggling operation.

Over the months, there have been numerous reports of smuggled Russian weapons and technology to a variety of countries, as controls have become loose in Russia's decentralized and underfinanced military.

MIA: *Pentagon Rejected Search Mission for Airman Lost in Iraq*

Continued from Page 1

back and find him. The more modern concept was that you can't take the risk of a loss."

Those who opposed the secret mission to Iraq recalled the searing televised images of the army Rangers who were killed in Somalia in 1993 trying to recover fallen comrades — and the public pillorying that their commanders took from Congress and the news media.

They knew the costs of failure on a mission in Iraq would be high, and they thought the mission too dangerous, even though the Pentagon's Joint Special Operations Command had assessed the risks as "low" or "very low." Their idea was safer and, they argued, smarter: working with the Red Cross to enter Iraq with a team of skilled forensic experts.

In the end, the Pentagon took the least risky route. Two years after the discovery of the wreckage, and a year after General Shalikashvili's decision, a Pentagon team entered Iraq openly, with Saddam Hussein's permission, under the banner of the Red Cross.

The searchers still do not know whether Commander Speicher bailed out successfully or whether he could have survived the crash.

They found to their dismay that, just as the advocates of a secret military mission had feared, the crash site had been excavated, most likely by Iraqis.

On Jan. 17, 1991, Commander Speicher, 33, went down in a dogfight over western Iraq. The navy spent months trying to understand why. It might have been an Iraqi air-to-air missile, but no one knows for sure.

His father, Wallace, had hopes that he might have survived. "Scotty's coming home," he said three days later. But he was listed as "killed in action — body not recovered." Commander Speicher's wife, who has since remarried, has said she wants to preserve her privacy.

When the war was over, "the Iraqis returned 1.5 pounds of human flesh they claimed belonged to a pilot named 'Michael,'" Pentagon documents say. "Subsequent DNA tests determined the remains were not Speicher."

The hunting party that found his plane was led by a senior military officer from the emirate of Qatar, in the Gulf. The Qatari officer brought home pictures of the plane's canopy, a shard of metal with serial numbers, and said he had seen an ejection seat. He gave the evidence to officials at the U.S. Embassy in Qatar. The numbers on the shard were proof.

Moral codes and military traditions compelled the Pentagon to look for Commander Speicher's remains — or some evidence that he might have lived.

On April 15, 1994, officials from the office of the secretary of defense, the Joint Chiefs of Staff, the navy, the State Department and the CIA discussed "a covert/clandestine military action to investigate the crash site," the Pentagon documents say.

That was a better idea than "openly approaching Baghdad" to request permission for a search, the group agreed. They said that an open approach could reveal the location to the Iraqis, which "would likely jeopardize the site's integrity." The Iraqis had scavenged every other Desert Storm crash site.

A separate military intelligence analysis warned the Joint Chiefs that "the location of the site would be divulged and subsequent investigations thwarted by Iraqi intelligence exploitation" if the United States openly approached Baghdad.

The issue was clear, said Admiral Arthur, then the vice chief of naval operations: "Did we or did we not have a lost pilot?" He said he believed there was a chance that Commander Speicher had ejected successfully and survived. "We know there was an ejection attempt," he said. "I thought he bailed out. I was adamant that we get back in there."

But for six months, the nation's military leaders maintained what the documents call "a holding pattern."

On Dec. 23, 1994, Defense Secretary William Perry, General Shalikashvili and other Pentagon officials, including Frederick Smith, the assistant secretary for international security affairs, discussed their options.

Timothy Connolly, then principal assistant deputy secretary of defense for special operations, and others favored the military mission. Four helicopters carrying a special-operations team would cross the Iraqi border from Saudi Arabia at night. The team would return with everything it could find — black boxes, bones, wiring from the cockpit, fragments of metal and any other clues.

Mr. Smith and others favored the diplomatic course: openly approaching Baghdad through the International Committee of the Red Cross. The Red Cross would ask Baghdad for permission to go to the crash site with a forensic team from the Pentagon. The team could work at length, without danger.

Mr. Connolly said he warned that the diplomatic option would alert the Iraqis and ultimately fail. The choice ultimately lay with Mr. Perry, and a final decision did not come until March 1995. But the military option effectively died when General Shalikashvili opposed it with his statement about old bones.

Mr. Connolly, who left the Pentagon last year, said last week: "Our senior civilian and military leaders were simply too afraid of the possibility of failure, however remote, and refused to allow this pilot's comrades to go into Iraq and bring him home. I wish I could tell you it was more complex than that, but it wasn't."

On Jan. 4, 1995, Mr. Perry told Secretary of State Warren Christopher that they should ask the Red Cross to approach the Iraqis. The Red Cross was amenable. On Feb. 14, its Middle East director, Michel Cagneaux, met with Iraqi officials in Baghdad. "Iraqis listened intently; took copious notes," Mr. Smith wrote that day after talking to the Red Cross.

Throughout the spring, a Pentagon spy satellite photographed the crash site every three days. The wreckage was undisturbed, military intelligence analysts reported in April.

"Our team is ready to go," Mr. Smith told his superiors on May 2, 1995. But a report to General Shalikashvili from his staff three weeks later warned of unforeseen delays, "due to 'bureaucratic problems' within the Iraqi government."

It would be six more months before the team entered Iraq. In December 1995, two years after the Qatari officer's discovery and one year after General Shalikashvili's decision, the team arrived at the crash site, which had been scavenged. There was no ejection seat. There were no bones.

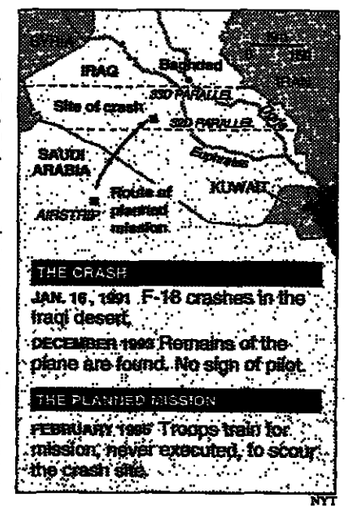
Bedouin nomads handed the team a tattered flight uniform. Mr. Smith would not discuss what a subsequent analysis of the suit showed. An officer familiar with the team's findings said that it had recovered one of the plane's data recorders from the Bedouins.

"The evidence showed the pilot successfully ejected from the aircraft," he said.

Mr. Smith and J. Alan Liotta, chief of the Pentagon's prisoner of war/missing in action office, would not confirm or deny that. They said only that the team had emerged with a clearer picture of what had happened. That picture, like everything else about the case, remains officially secret.

Could the pilot have survived the crash?

"We don't know," Mr. Liotta said. The investigation continues. Commander Speicher is still listed as "killed in action — body not recovered." The first American to fall in the Persian Gulf war remains the last to be accounted for.



NYT

SUMMIT: *Islamic Leaders Set to Meet*

Continued from Page 1

hammed Khatami, a moderate cleric who favors greater openness toward the West. And the presence in Tehran of high-level representatives from countries such as Kuwait, Egypt and Saudi Arabia is likely to prevent an outbreak of unbridled America-bashing, analysts say.

The summit meeting will inevitably produce its share of resolutions condemning Israel and calling for the restoration of Jerusalem to the Palestinians. On the other hand, Iranian organizers are also emphasizing benign themes such as the promotion of trade among Muslim counties and the need for a unified system of Islamic banking regulations.

"This conference has not been convened to send a message to anyone," Deputy Foreign Minister Mohammed Javad Zarif said Saturday. "It was convened to bring about closer ties among Islamic countries."

The meeting brings together members of the Organization of the Islamic Conference, which was founded in 1969 and meets every three years. The meeting rarely elicits much interest in the West. The conference this year, however, has become a kind of coming-out party for Iran, which is seeking to assert its leadership both regionally and among the world's 1 billion Muslims.

In particular, Iran is seeking better ties with Arab countries that have long accused its clerical leaders of packaging their revolution for export. Cairo, for example, still has no diplomatic ties with Tehran, which it accuses of involvement in the 1995 assassination attempt on President Hosni Mubarak by Egyptian Islamic radicals in Addis Ababa, Ethiopia.

And some Saudi officials have privately accused Iran of orchestrating the June 1996 bombing of a U.S. military housing complex in Khobar, Saudi Arabia, that killed 19 American service personnel.

In a sign of the importance that Iran attaches to the conference, senior officials have toured the region in recent months to invite Arab heads of state to Tehran. In that regard they were only partly successful. Mr. Mubarak, King Hussein of Jordan and Morocco's King Hassan II apparently have elected to stay home.

But a number of Arab leaders have accepted the Iranian invitation, among them Sheikh Hamad ibn Khalifa al Thani, the emir of Qatar, and his counterpart from Kuwait, Sheikh Jaber al Ahmad as Sabah. Egypt will be represented by its foreign minister, Amr Moussa, and Saudi Arabia by Crown Prince Abdullah ibn Abdulaziz. Iraq, which fought an eight-year war with Iran in the 1980s, is expected to send Vice President Taha Yassin Ramadan. Others to attend are the United Nations secretary-general, Kofi Annan, and Louis Farrakhan of the Chicago-based Nation of Islam.

MERGER: *A Swiss Bank Plan*

Continued from Page 1

Swiss banks have been struggling in recent years, with the economy slowed by recession. They also suffered as traditional fortresses of the Swiss in asset management and international investment banking were assailed by revitalized American institutions such Merrill Lynch & Co., J.P. Morgan & Co., Goldman, Sachs & Co. and others.

Reports of a possible merger have swirled through the world of international finance since last year, when Credit Suisse, the No. 2 Swiss banking group, unsuccessfully broached the idea of a merger with Union Bank. Undaunted, Credit Suisse announced an $8.8 billion takeover of the big Winterthur Insurance Co. in August.

This regrouping and a surge in net profit this year have caused Swiss bank stocks to catch fire recently, rebounding after several years of weak performance.

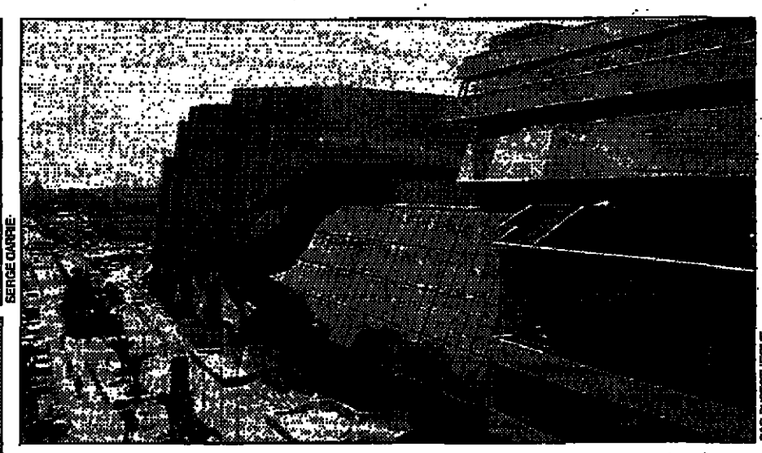
Analysts said such a deal could trigger more consolidation, including job losses, in the competitive global banking sector. "This would be the beginning of increased concentration of the capital-markets industry in Europe," an economist at a U.S. bank in London told Reuters.

CÔTE D'AZUR: WHERE INFORMATION TECHNOLOGY FLOURISHES

The companies and the public research institutions on France's Côte d'Azur have established a reputation for being at the forefront of developments in information technology. The area benefits from a technology-literate, international workforce and first-class communications and transport networks.


SERGE CARPRE

J.P. PIELH-OUBRIC/CANNES PHOTOTHEQUE


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Clockwise from top left: helicopter at the Cannes-Mandelieu airport; the Acropolis Convention Center in Nice; students; the Palais des Festivals in Cannes.

CREATIVITY AND CONNECTIVITY

All economic development agencies promise attractive sites, a welcoming climate for business, modern infrastructure, an international airport," says François Kester, director-general of Côte d'Azur Développement (CAD), the economic development agency for the Riviera region of France.

"What makes us unique are the quality and content of our offer and the creativity we apply." He explains that the lack of a manufacturing legacy has made the Côte d'Azur flexible and forward-thinking, in keeping with the needs of information technology companies today.

Another advantage is what Christian Tordo calls "cultural proximity." Mr. Tordo is both head of Texas Instruments France and president of the Telecom Valley Association. He is referring to the advantage for companies whose customers may be European, Asian or American of having products designed by an engineering team drawn from all over the world.

Texas Instruments was one of the very first to set up a research facility on the Côte d'Azur back in 1961, and today one-fourth of its 500-person workforce (of whom 400 are engineers) is non-French.

TI was followed a year later by IBM, which set up its own research center in La Gaude and currently employs more than 1,000 people. Jacques Gros, director of IBM's Telecommunications Solution Center for Europe, the Middle East and Africa, points out that the La Gaude facility anticipated the changing direction of the parent company. "Here on the Côte d'Azur, we are a software and solutions business, and that is now true of our parent company as well. This year, for the first time, hardware represented less than 50 percent of IBM's worldwide sales."

In 1991, these two companies and five others — Aerospatiale, AT&T Paradyne, Digital Equipment, the European Telecommunications Standards Institute and France Telecom — joined together to form the Telecom Valley Association.

Telecom Valley

The evocation of Silicon Valley was no accident. The Côte d'Azur boasts perhaps the densest concentration of high-technology companies outside of its California counterpart: 350 enterprises and a skilled workforce of 10,000 employees. The Telecom Valley Association's 40-some members account for 6,500 of these workers, from dozens of countries, all engaged in some area of telecommunications.

Last month, the association hosted the 13th International Conference on Computer Communication. The conference sponsor, the International Council for Computer Communication, celebrated its silver anniversary while meeting in Cannes. One of the sessions introduced the region's IT advantages to participants.

High on the list is the quality and potential of the French Riviera's educational and research institutions. The development of these resources is one of Telecom Valley's major initiatives. Laurent Nicq, director of Clip Technologies, explains why: "Here we find young professionals with a world view. They are better employees because they are more independent, creative and flexible, all qualities important to a research center."

Physical and electronic connections

Another important factor is connectivity — understood in several ways. Physical connectivity is provided by Nice Airport, France's second busiest, with well over 100 million passengers to date. The nearby Cannes-Mandelieu Airport is the second-busiest business airport in the country. The helicopter service linking Monaco to Cannes is the most-traveled in Europe.

Joseph Spatari directs LCI Vision, a company specializing in video applications, with clients in Europe and the United States. "Because our work is customized," he explains, "it doesn't matter where we are located in relation to our customers. What we need is an international airport — and here we have it."

Molly Foerster, director of business development for Qualcomm Europe, also mentions the importance of the airport. "Our target market is not France or Europe but the world itself," she says, so international connections from Nice were a prerequisite for setting up a local office.

Connectivity through a sophisticated telecommunications infrastructure is essential for companies operating in information technology. The Sophia Antipolis science park has an advanced fiber-optics network, "intelligent buildings" and — equally important — the service and local know-how to keep them running.

Conveniently located poles of economic activity house such services. The Carros/Le Broc pole hosts 450 businesses on its 200 hectares (500 acres). A planned expansion will add 17 more hectares. The Arenas business center is a 17-hectare site facing Nice Airport with 300 businesses, 1,500 employees and a seven-hectare arboretum with displays that change by the season.

Connectivity through informal networks among companies, customers, suppliers, local institutions and government is also important. The Telecom Valley Association is one of dozens of professional clubs and organizations, many of them based right in Sophia Antipolis.

International, tech-literate workforce

Connectivity is facilitated in a location where people want to be. That is one of the major assets of a Côte d'Azur address — for recruitment and retention. Twelve percent of the region's 1 million residents are foreign, and in France the rate of workforce growth is second only to that of Paris. Jeremy Scanlan, director of human resources for VLSI Technology, confesses that it is easy to recruit here, "and the retention rate is even better. In the last two years, we have hired 100 people and lost two. Compare that to Silicon Valley, where turnover is 20 percent or more."

Ascend Communications located its Technical Assistance Center serving Europe, the Middle East and Africa in Sophia Antipolis for the same reason. Edgardo da Fonseca, head of the newly formed center, explains, "We produce wide-area-networking solutions for telecommunications carriers, Internet service providers and corporate customers worldwide. We needed technically qualified people speaking all the major languages in Europe, and we knew we could attract them to this area."

Employees are not the only ones who want to come to the Riviera. The Côte d'Azur has the greatest concentration of convention centers in Europe. Nice's Acropolis was named the "Best Convention Center in Europe" for three years in a row between 1993 and 1996 and has hosted Microsoft's Tech.Ed for the last two years.

The Palais des Congrès in Cannes is the site of conferences such as the Gartner Group's IT Expo, the World GSM Conference and the MILIA multimedia conference. Monaco has hosted the multimedia show Imagina every year since its inception.

While the economic-development authorities are making every effort to assist companies in relocating their facilities in the area, Mr. Tordo of Texas Instruments believes that Telecom Valley also has a role to play in attracting new companies, research laboratories and talent to the region. "We want to promote the French Riviera as a desirable place to be," he says. A native Niçois, he adds, "That isn't so hard to do." ●

GRAY MATTER IN GREEN VALLEYS

There is a high level of interaction among businesses, schools and research institutions.

"Our location is a big plus for us," says Ahmet Aykaç, director of Theseus Institute, an international management school located in Sophia Antipolis. "Around us are more than 1,000 companies at the cutting edge in information-intensive activities — not just computers but also information processing in the broadest sense."

Because both its MBA program and its executive development courses focus on the implications of technology for management, Theseus is well-positioned to "weave research into the educational process," says Mr. Aykaç.

Virtually all of the educational and research institutions in the region take similar advantage of the intellectual resources found here. The Provence-Alpes-Maritimes-Côte d'Azur (PACA) region has the second-largest concentration of public research in France after Paris.

New research labs

In recent weeks, France's prestigious National Center for Scientific Research opened two new research laboratories in Sophia Antipolis. One facility, CRHEA, will conduct research in the field of semiconductor materials for new applications, while the other, IDEFI, will focus on economic, legal and management issues.

IDEFI is run in conjunction with the University of Nice-Sophia Antipolis, which has 27,000 students (10 percent of whom are foreign). It ranks among the best interdisciplinary universities in France and is the youngest. It boasts 200 specialized research centers and 1,200 teachers, and ambitious plans are under way to double its size in the next 10 to 15 years.

The Center for Teaching and Research Applied to Mathematics (CERAM) has almost 1,000 students for its scientific and commercial courses of study, plus another 128 students in specialized masters programs in database and systems integration, back-office technology, multimedia, economy and management, and international business.

With one-fourth of its student body coming from abroad, CERAM is already international, but it continues to strengthen this dimension. Last year, it established partnerships with the Shanghai Institute of Foreign Trade and the University of Phoenix in Arizona, and this year it signed an agreement with the Nanyang Polytechnic University of Singapore.

Interaction between academia and enterprise is encouraged through a series of local and regional government initiatives, as are programs for advanced education. One of the latter is Institut Eurécom, a five-year-old joint venture between France's Ecole Supérieure Nationale des Télécommunications and the Swiss-based Ecole Polytechnique de Lausanne.

Straight to work

Institut Eurécom is the first international institution for training engineers in the field of communications systems, and its success can be measured by the 100 percent career placement of its 100 graduates each year. Director Claude Gueguen reports, "We made a mistake in scheduling our graduation ceremony in early July because many of our students can't come. They start working as soon as they graduate in June."

The research activities conducted at the European Telecommunications Standards Institute (ETSI), located in Sophia, draw the professional interest of many Telecom Valley companies. ETSI is the reason some of them have come to the area, especially with next-generation standards for wireless communications in the offing.

ETSI's some 90 full-time employees and more than 2,500 voluntary experts work to facilitate the integration of telecommunications infrastructures in Europe, assure the interworking of future services, achieve compatibility of terminal equipment and create pan-European telecom networks.

Personal contacts at all levels are a big plus for the area's students, researchers, professors and employees, say many of the Côte d'Azur's residents. As Mr. Aykaç of the Theseus Institute points out, "In the final analysis, we are talking about the relationships between people and organizations, people and each other." ●


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PROGRAM DIRECTOR: *Bill Mahler.*

THE MILLENNIUM GENERATION

Newcomers to the Côte d'Azur tend to be smaller, more youthful companies.

Last year, more than 80 percent of the companies arriving in the Côte d'Azur through Côte d'Azur Développement could be classified as information technology/telecommunications specialists.

Like their predecessors, they have been drawn by the exceptional quality of the area's infrastructure as well as the international environment, but their profiles are strikingly different. They are newer and smaller, and their growth is the result of both changes in the telecommunications industry globally and the catalyzing effect of the resources they have found on the French Riviera.

Among the generation of arrivals in the 1980s and early 1990s were Amadeus, Andersen Consulting, Bay Networks, ETSI and VLSI Technology.

Amadeus, the world's largest travel reservation system, is also the largest employer in Sophia Antipolis, with 750 currently on staff and another 150 to be added within two years.

Employment at Bay Networks, a leader in telecom connectivity, grew by 50 percent last year in Sophia, and the deregulation of European telecommunications in 1998 bodes well for the firm's continued expansion in the area.

VLSI Technology, a developer of applications for wireless communication, arrived in 1986. VLSI has tripled its size, to 155, over the last two years.

"Although one-third of our employees are not French, almost everyone is a local hire," explains Jeremy Scanlan, director of human resources. "That was a company decision; we didn't want this to be a place of expat contracts."

Among the distinguishing features of the region's IT enterprises today are their youth and size. One out of every two IT companies on the Côte d'Azur today arrived after 1991, and the 1996 arrivals — what might be called the millennium generation — include an explosion of companies with fewer than five employees.

The small giants include Qualcomm Europe, a five-person outpost of an 8,000-strong California company, and Clip Technologies, a German firm that opened last spring with three employees locally.

Molly Foerster, director of business development for Qualcomm Europe, describes her mission as focusing on the next generation of wireless standards.

"Qualcomm Europe chose the Sophia Antipolis science park as the headquarters for our European activities to allow our company to participate with the local companies, universities and public research centers, which have considerable expertise in advanced wireless telecommunications technology," Ms. Foerster says. "Also, it is centrally located to support our thrust into the European and African markets."

Laurent Nicq, head of the Clip Technologies office, points out that his company, which specializes in embedded systems for electronic cards, does not work directly in telecommunications.

"But this area's strengths in telecoms were considered a long-term advantage by our management, and we have made a lot of contacts since coming here."

A larger operation is LCI Vision, specializing in digital video, which was bought by LCI of Holland last summer. Joseph Spatari, who had started the company three years earlier, says that the company has more than tripled its size since then and has expanded internationally. Ascend Communication's Technical Assistance Center, which currently has 25 employees, will expand to 150 in the next couple of years. Says the center's manager, Edgardo da Fonseca, "We will be developing a research facility eventually — and this is the right place for that kind of activity."

One thing the millennium generation shares with its predecessors is the youthful enthusiasm of its workforce. Christian Tordo, head of Texas Instruments France, reports that 30 percent of his employees have less than three years' seniority. Says Mr. Scanlan of VLSI, "The average age here is 30, and 80 percent of our employees are under 30."

He adds, "There is amazing energy here, with people willing to take on responsibility at an early age." ●

SUCCESS HASN'T SPOILED SOPHIA ANTIPOLIS

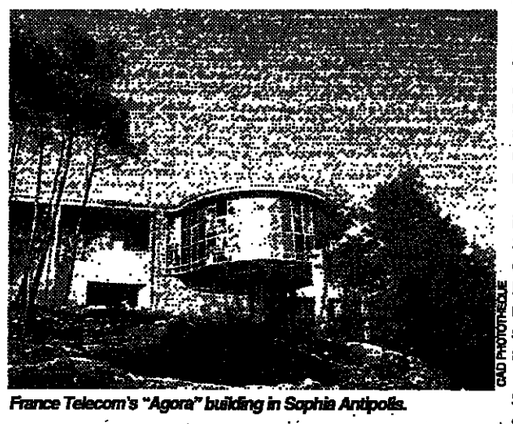
TELECOM VALLEY'S precise geographical boundaries may be difficult to define. Those of Sophia Antipolis, the first and best-known of Europe's science parks, are a lot easier. Sophia Antipolis, 28 years old, is a 5,700-acre (2,300-hectare) campus of modern buildings set amid lush greenery sprawling across six municipalities between Nice and Cannes.

Almost 1,100 companies call Sophia Antipolis their home, and the majority of them operate in high-technology industries.

Engineers, technicians and managers drawn from 50 countries form a large percentage of the science park's 17,000 employees. More than 10 percent of the firms in Sophia Antipolis are subsidiaries of foreign operations, with the majority of them from the United States. The park attracts 40 percent of all the information-technology and telecoms companies coming to the Côte d'Azur, more than twice as many as Nice (19 percent), which is second in popularity.

Both Sophia Antipolis and the Principality of Monaco have teleports with sophisticated fiber optics, high-speed networks and direct satellite access to the United States.

Last year, France Telecom chose the Sophia Antipolis technopole as the first site in France for its experimental ATM network, which provides high-speed transmissions for voice, images and data.


CAD PHOTOTHEQUE

France Telecom's "Agora" building in Sophia Antipolis.

The science park's appeal is based on more than fiber optics, however. Site development is geared to keeping employees happy and productive. Two-thirds of the park is set aside as a nature preserve.

There are 370 acres dedicated to sports and leisure, 32 tennis courts, three golf courses, wooded paths for hiking and bicycling and more than 300 days of sunshine a year to enjoy these activities.

Pierre Laffitte, founder of Sophia Antipolis, understood that human relations underpin technological achievement. The park's very name, Sophia, is a fitting reminder: It is named after Laffitte's wife. Equally fitting is the meaning of the word in Greek — wisdom.

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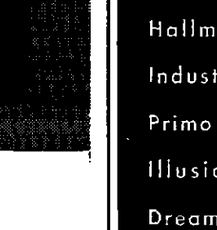
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TANZANIA

BUILDING BOOM IN DAR ES SALAAM IS SIGN OF PROGRESS

Privatization and foreign investment are driving Tanzania's push to realize its vast potential.

The slow and dusty streets of the Indian Ocean port city of Dar es Salaam are beginning to come to new life. The traffic is a noisy combination of overcrowded buses, or *dala dala*, and the fashionable four-wheel-drive vehicles of the city's wealthier inhabitants.

But the occasional traffic jam is never a cause for bad temper — in the intense tropical heat, few people are in a hurry.

The slow pace of life in Tanzania goes some way toward explaining its low profile in world affairs, but this does not mean that nothing happens here.

Indeed, this vast country is undergoing a transformation that many believe could make it into one of Africa's most successful economies within the next decade.

Massive potential

Perhaps the most striking physical evidence of Tanzania's transformation is the building boom taking place in Dar es Salaam, where modern office blocks are beginning to tower above the city's leafy avenues. But the more meaningful evidence of change can be found in the expanding ambitions of government and business leaders alike. The talk is of completing the transition from public to private sector leadership and of opening up the country to harness its extensive mineral and agricultural resources.

Next year, Tanzania will see the start of production at its first modern gold mine, and this will be followed by production from other valuable mineral projects, including nickel, gemstones and diamonds.

The country also has massive potential in agriculture, with an expanding output of crops such as tea, coffee, cotton, sisal, flowers and vegetables, and is undergoing a serious revival of its best-known industry, tourism, based on its spectacular game parks and exclusive beach resorts.

There may be no limit to the country's ultimate potential, but both government and business recognize that Tanzania still needs time to complete its transition. Since taking office after the country's first multi-party elections two years ago, the government of President Benjamin Mkapa has worked hard to consolidate economic reform and to provide encouragement to the private sector.

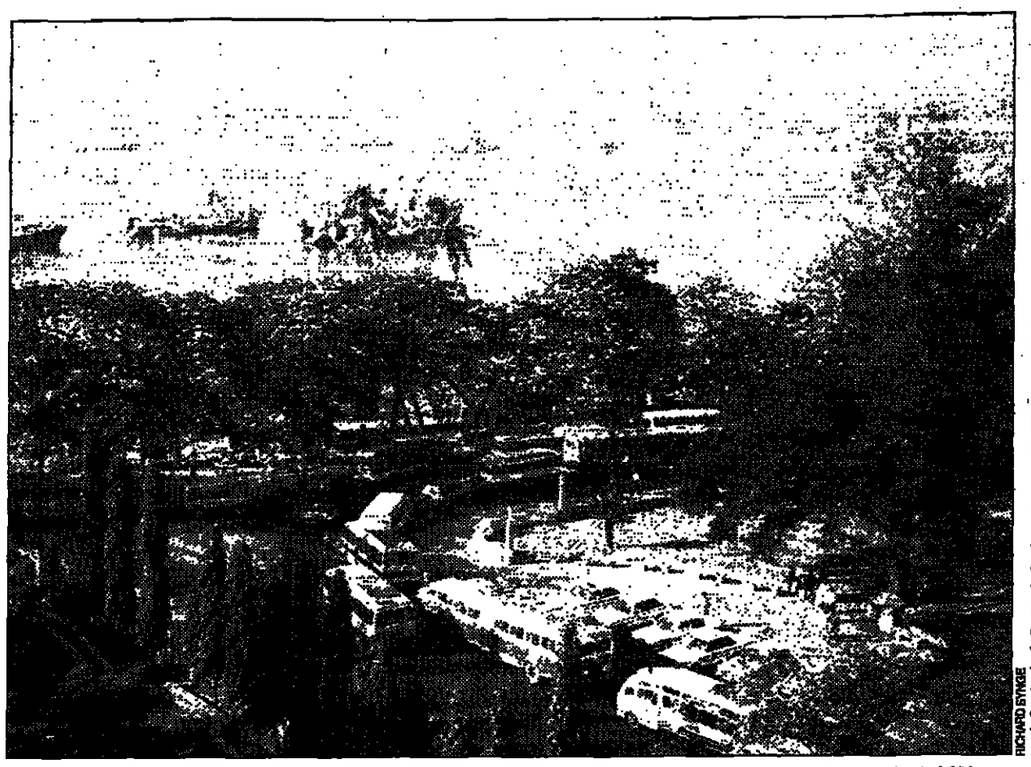
Following a tradition set by the country's first president, Julius Nyerere, Mr. Mkapa still couches his economic priorities in familiar phrases such as "self-development through self-reliance."

Sustainable growth

But while the terminology is familiar, the content is entirely new.

The thrust of policy is to provide encouragement for entrepreneurship at all levels of society and to sell off, as rapidly as possible, the state's remaining interests in industry, commerce, banking and vital utilities.

"Robust growth is now a realistic prospect," says the World Bank's country director for Tanzania, Jim Adams, who commends the Mkapa government for its efforts to sustain a healthy economic performance.



RICHARD SYMONS

Tanzania's principal port and commercial capital, Dar es Salaam, is growing rapidly as a vital center of trade for East and Central Africa.

Strong performance

Real GDP grew last year by more than 4 percent, and there was solid progress toward reducing the budgetary deficit and lowering inflation toward a single digit target in the coming financial year. Despite recurring drought, both agriculture and industry have performed strongly.

Donors will meet with the government in Dar es Salaam this week (Dec. 10-11) in a consultative group meeting chaired by the World Bank in hopes of deepening dialogue on a wide range of issues. The principal donors of finance to Tanzania are the World Bank, the IMF, the European Union, and bilateral aid partners such as Germany and the UK, both of which regard Tanzania as a priority for aid receipts.

Backed by positive reports from the International Monetary Fund and the World Bank, the government hopes for increased financial pledges and debt relief. The donors will be looking for closer interaction on matters of economic management.

There may not be total agreement between the two sides, but there is little doubt that all share a concern to move Tanzania from its transitional economic status into a phase of more substantial and sustainable growth.

Foreign investment

For the government, it is a matter of principle that Tanzania should be in the forefront of private sector development, but Mr. Mkapa says that "the process cannot be frozen to wait until such a time when Tanzanians will have sufficient capital to be more active participants in the privatization process."

In the current circumstances of low national savings, it is perhaps inevitable that the lead in private investment is coming from outside the country.

Foreign investors have begun to bring private capital into gold mining, farming, manufacturing, tourism and other services.

In laying the groundwork for foreign investors, the authorities are beginning to attend to the kind of problems that have deterred foreign investors in the past, including the heavy tax burden on companies and bureaucratic interference.

The private sector is urging policy-makers to improve the capacity and discipline of the administration at the lower levels.

It was in this context that Mr. Mkapa recently announced the dismissal of more than 1,500 civil servants for corruption and dishonesty.

Both donors and investors are cautiously optimistic. The country's overall political stability is not seriously in doubt, although a political dispute over the 1995 election results in Zanzibar has resulted in a long-running suspension of aid to the offshore islands.



AFP

President Benjamin Mkapa.

On the mainland, there is both stability and continuity. In their adjustment from public to private sector orientation, says Ibrahim Seushi, one of the country's leading accountants, "Tanzanians are learning very fast."

Says a senior representative of the donor community: "The reforms are irreversible and the direction is right. The pace may be slow, but the momentum is sufficient." ●

LISTENING HARD TO INVESTORS

The government's commitment to dialogue is lauded by domestic and international corporations.

"We do not have the means to turn Tanzania into an investors' paradise overnight," President Benjamin Mkapa recently confided to a meeting of private investors.

"But through dialogue we can get to know each other better, to appreciate the efforts and circumstances of each side and to enrich each other with positive ideas and proposals."

The president's openness to advice from international companies has already been productive on a number of fronts, especially in this year's enactment of a new investment law and recent revisions to taxes applying to new investments — changes that are especially welcome to investors in the mineral sector.

The commitment to dialogue is also appreciated by longer-established investors. "Whenever we have had issues to raise, we have found the president and his ministers to be attentive to our concerns," says the chief executive officer of a prominent foreign-owned agricultural company. "What we want to see now is the government turning its good intentions into action," he adds.

Raising confidence

Confidence has clearly been raised by the government's commitment to strong macroeconomic management and to tighter control of its own revenues and expenditure.

What companies now ask for is greater efficiency in the delivery of vital services, particularly in telecommunications, energy and transport. Some entertain the hope that such services may soon be handed over entirely to private-sector management.

After years of holding back, companies throughout the economy are gaining in confidence and beginning to broaden their horizons.

The financial sector, which until recently was the preserve of the state-owned National Bank of Commerce (NBC) and a handful of other nationalized institutions, is now fully open to private operators. The money market is working efficiently. And the launch of a stock exchange, promised for early next year, will be yet another significant landmark in Tanzania's transition.

To match the arrival of foreign banks such as Citibank and Standard Chartered, many small institutions owned by Tanzanian citizens have opened for business.

Most significantly, the NBC itself has been relaunched as a conventional commercial bank, with its micro-finance functions hived off into a new institution.

If, as is expected, the new NBC is to be opened up to private capital, there is certain to be strong interest from international banking groups attracted by the bank's branch network in some of the most productive regions of Tanzania.



EMBASSY OF TANZANIA

Finance Minister Daniel A.N. Yona.

Open for discussion

Different investors frame their priorities according to the markets in which they operate. For example, exporters of Tanzania's principal cash crops, such as coffee, tea and cotton, are beginning to argue in favor of some depreciation of the Tanzanian shilling if their crops are to remain competitive on world markets.

Importers and producers for the domestic market, however, would be hurt by slippage in the currency's value.

The key point is that such issues are now openly and freely aired. ●

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NBC (1997) Ltd. P.O. Box 1863
DAR ES SALAAM,
Tanzania,
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Fax: (255 51) 112887**

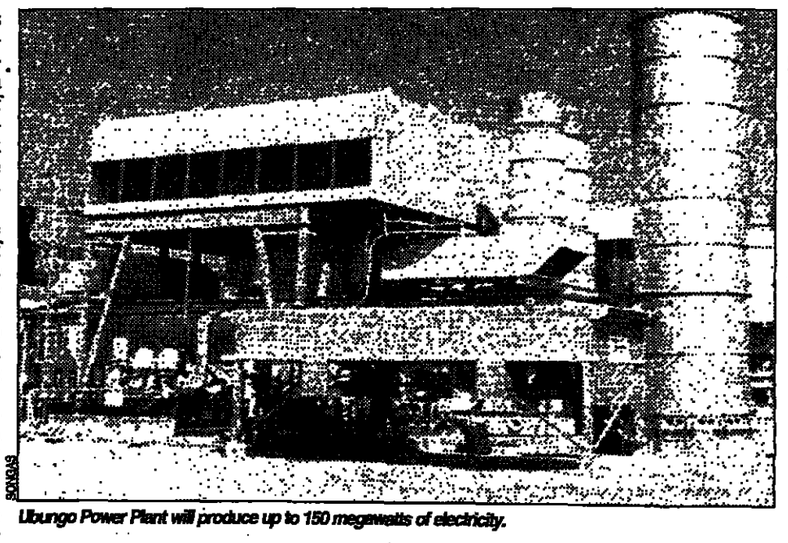
ENERGY SECTOR: TURN ON THE POWER

Opinions differ on the best way to harness Tanzania's plentiful energy resources.

Plagued by power cuts in recent months, Tanzania's electricity consumers are hoping that a long-running difference of opinion between their government and the World Bank over management of the country's electric power sector will soon be resolved.

Central to the dispute is the operating independence of the state-owned Tanzania Electric Supply Company (Tanesco) — which often lacks the necessary funds to buy the fuel and spare parts it needs to keep generating power.

The long-term energy potential of Tanzania is not in question. Although drought has recently reduced output from a major hydroelectric dam at Mtera, other sites are being developed where water supply is more reliable; a new dam under construction on the Rufiji river at Kihansi will generate 180 megawatts of power when it is completed in the year 2000.



SONGAS

Ubungo Power Plant will produce up to 150 megawatts of electricity.

Diverging views

There is also unlimited potential to use Tanzania's plentiful offshore natural gas to fuel thermal power stations. A new company, Songas, has just been established with Canadian energy companies for the purpose of building and managing a 232-kilometer gas pipeline to Dar es Salaam.

Where views diverge is on how best to restore electricity supplies in the immediate future. The World Bank and other donors say that Tanesco's problems would be solved overnight if government ministries and companies simply paid their electricity bills.

They add that the government's plans to build expensive emergency generating capacity are unwarranted. Studies have shown that a Malaysian-financed project being built in Dar es Salaam for diesel generation of 100 megawatts of power will put additional financial burdens on Tanesco and could undermine its capacity to develop the rest of the electricity grid.

The government, with its eye on a short-term solution to the power crisis, argues that the Malaysian project, operating under the name Independent Power Tanzania Limited (IPTL), is justified by the fact that it will be the first of the planned projects to go into production, with a completion date scheduled for next August. President Benjamin Mkapa says, "To talk of excess capacity when we are rationing power is a joke."

New solutions

It may be some relief to Dar es Salaam residents to know that answers to the problem should soon be forthcoming. A new consultant has been appointed to cost the different solutions proposed, including the financial penalties to the government of canceling either of the competing Songas and ITPL projects.

Private-sector partners

If Songas should eventually be favored, its development would go a long way to opening up Tanzania's hydrocarbon potential for the first time since natural gas was discovered offshore at Songo Songo, more than 20 years ago.

Its developers say that the $350 million project would be the first step in helping Tanzania becoming a hydrocarbon exporter.

That more gas and oil is waiting to be found is not in doubt. The Tanzania Petroleum Development Corporation (TPDC) recently held a new licensing round, in which six foreign companies were awarded acreage for oil and gas exploration.

It is a sign of Tanzania's new commitment to private sector leadership in the economy that the TPDC, although still wholly owned by the government, is now becoming one of the most active agents of the government's policy of privatization. In recent months it has handed over the import of oil products entirely to private oil marketing companies and has entered further negotiations with them on prices and guarantees.

Another area of energy potential lies in coal. Large deposits in the south of the country were identified by Chinese geologists at the time when China was helping Tanzania to build its railway to Zambia.

The energy sector, perhaps more than any other, symbolizes Tanzania's latent potential. The destination is clear, but the route map is still being drawn up. ●

صكذا من الأصل

TANZANIA

IN THE GOLD MINES: MODERNIZATION

The arrival of foreign mining companies will encourage technological innovation and the development of modern infrastructure.

Over the next three years, at least four gold mines will go into production in the region south of Mwanza, a port city on Lake Victoria. Each will use the latest technology to maximize the rate of extraction.

The arrival of mining companies from Australia, Canada, Ghana and South Africa is expected to spell the end of the traditional techniques of digging tunnels and extracting small quantities of gold by hand.

The companies will also seek to demonstrate that capital-intensive projects can contribute to wider development in a region that largely lacks modern infrastructure.

Rich deposits

The north-central regions of Tanzania are situated on one of the world's most ancient continental crusts, known to geologists as an Archaean Craton, which is likely to contain some of the richest base and precious metals in the world.

Gold has been mined here since time immemorial and was exploited by Arab traders, who have been present in the region since the 16th century.

Even now, at least 500,000 Tanzanians are thought to earn a living from gold mining and trading, although the government receives no revenue from this source.

Modernization

Minister of Mines Abdallah Kigoda hopes that the arrival of a new generation of foreign companies will encourage the traditional mining communities to update their methods and to join formal associations that can modernize them with the help of technology and credit facilities.

The efforts of the first two of the new companies, Samax/Resolute and Sutton Resources Ltd., will be closely watched. Both companies are already well advanced toward their goal of intensive production, having been encouraged to invest not just by the favorable geology but also by recent changes to the Tanzanian investment code.

"The new investment act is very attractive and compares favorably to other mining investment acts in Africa," says Samax/Resolute's resident managing director, Chris Davies.

The president of Canada's Sutton Resources, Michael Kenyon, agrees: "It is refreshing to see a nation with Tanzania's willingness to update its mining act."

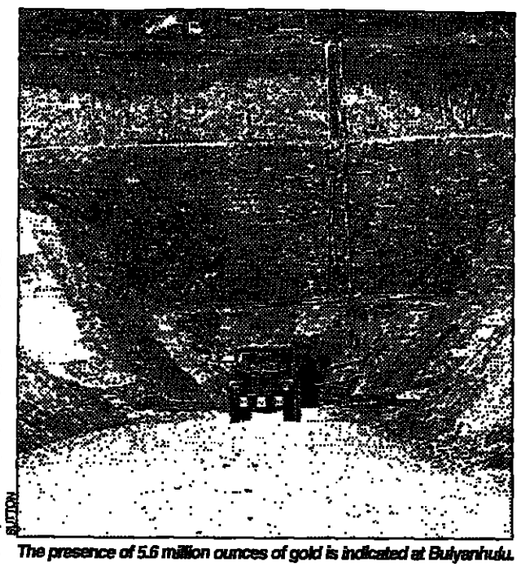
Joint ventures

The Samax/Resolute project, known as Golden Pride, evolved from a discovery by Canadian-registered Samax in 1990 near the town of Nzega in an area that had not been known to contain gold. Last year, the company entered a 50/50 joint venture with Australian gold producer Resolute, which acts as operator, using its experience in developing similar deposits in Western Australia. Resolute recently reported that Golden Pride's resource base has increased from 2.4 million ounces to 2.7 million ounces of gold. Gold will be recovered from an open pit using a carbon-in-leach processing facility.

Starting from September 1998, Samax/Resolute's $50 million investment is scheduled to go into production at a rate of not less than 150,000 ounces of refined gold per year, at an operating cost of $235 per ounce.

Even more substantial is Sutton Resource's project at Bulyanhulu, where the presence of 5.6 million ounces is indicated. The company's $20 million exploration development program includes deep drilling to establish underground mining operations.

The company anticipates investing at least $200 million before going into production in two years' time, with an operating cost currently estimated at only $150 per ounce.



The presence of 5.6 million ounces of gold is indicated at Bulyanhulu.

Spurring exploration

Other gold projects will not be far behind. The leading projects are those at Buckreef, Golden Ridge and Geita.

The companies involved include Australia's East African Gold Corporation, South Africa's Randgold and Ghana's Ashanti Goldfields.

A further potentially rich mining project could soon be developed around a nickel and cobalt deposit at Kabanga, west of Lake Victoria.

The recent decision of South Africa's Anglo American Corporation to enter the project as operator, alongside Sutton Resources, has given rise to hopes that a mine will be in production by 2001.

Anglo has already brought in drilling machinery with a view to adding to the known reserves within a matter of months, and the company already predicts that Kabanga could produce at least 35 million pounds per year of nickel.

"Success will spur more exploration," says Sutton's Mr. Kenyon, "and with the development of new mines will come infrastructure." ●

"TANZANIA"
was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITER: *Richard Synge, based in Cambridge, England, reporting from Dar es Salaam and Mwanza.*
PROGRAM DIRECTOR: *Bill Mahder.*

FROM KILIMANJARO AND SERENGETI TO LAKE VICTORIA AND ZANZIBAR

Tanzania is working on making it easier to get to its legendary tourist sites.

Besides being home to Africa's highest mountain — Kilimanjaro — and its largest game park — Serengeti — Tanzania has a long list of attractions, ranging from the beaches and ancient winding streets of Zanzibar to the rare wildlife reserve of Selous and the great lakes of Tanganyika, Victoria and Nyasa.

Tourism has not been cultivated with the energy shown by neighboring Kenya, but now that is changing as hoteliers and tour operators prepare for expansion. Increasing numbers of visitors to Kenya are including Tanzania in their itinerary, and others are taking their vacations exclusively in Tanzania. This is expected to stimulate the development of more hotel capacity in all parts of the country.

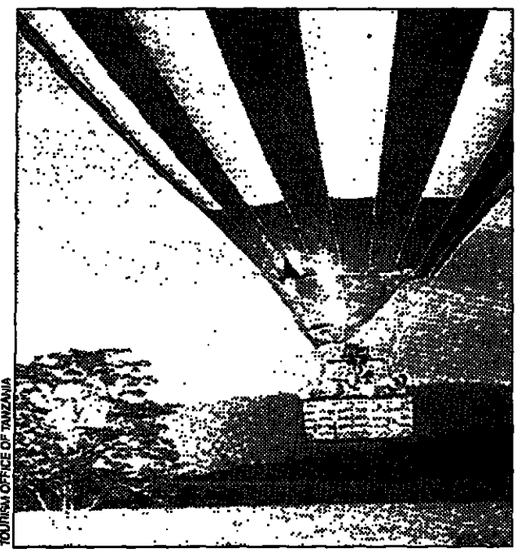
The number of visitors each year has already risen markedly, from 200,000 in 1992 to 326,000 last year, at which rate there could be 500,000 by the year 2000.

But for Tanzania, the emphasis is on quality rather than quantity, not least because of the potential environmental impact of too many visitors on the rare and vulnerable wildlife that is the country's principal attraction.

World Heritage Sites

Serena Hotels, one of the leading hotel developers in the country, manages some of the famous lodges, including those at Serengeti and Ngorongoro. These are World Heritage Sites controlled by the Tanzania National Parks Authority, which insists on the highest environmental standards.

"We have done everything possible to ensure that all of the properties blend into their environments," says Tim Barrasford, director of Serena. Water and sewage supplies are strictly managed so as not to interfere with the needs of people and wildlife in the area. Buildings are carefully landscaped, and consideration is given to light pollution, which occurs when lodge lights interfere with the clarity of the African night sky.



TOURISM OFFICE OF TANZANIA

You can take a balloon safari at dawn in the Serengeti National Park.



PITAMITZ/SIPA PRESS

Stone Town is one of the many attractions on the island of Zanzibar.

Improving access

However fast the world travel market continues to grow, Tanzania will probably resist being lured into mass tourism. It is perhaps for this reason that there are as yet so few charter airlines with direct flights to the country.

Tour operators specializing in East Africa say that Tanzania still does not attract the volumes of visitors that would justify a switch by the airlines from their main regional destinations of Nairobi and Mombasa.

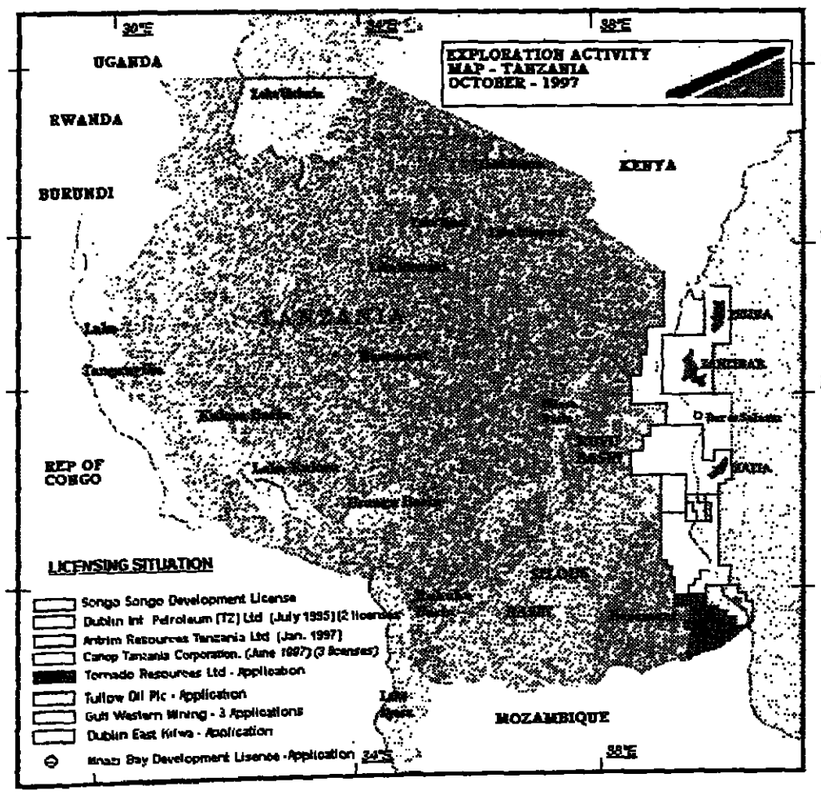
Most visitors to Tanzania still travel overland from these Kenyan cities. Even Zanzibar is often reached via a flight change in Nairobi. The Tanzanian airport most used by foreign visitors is Kilimanjaro, and there are relatively few regular scheduled flights to Dar es Salaam, despite its importance as the national commercial capital. A perceptible change is expected after the delay-prone national operator Air Tanzania is sold to an international company in the coming months.

The pressure for easier and more regular access to Tanzania is mounting. The European tour operators who traditionally dominated the travel market in the country have in recent years been joined by counterparts in Australia, South Africa, Japan and the United States.

"Considering Tanzania's potential, we are still just scratching the surface," says a tour operator specializing in East Africa. "Things are already better than they used to be, and we are becoming more comfortable with sending the first-time visitor to Tanzania rather than Kenya." ●

PETROLEUM EXPLORATION HISTORY

The hydrocarbon potential of Tanzania was realized more than 40 years ago. However, the exploration for this can best be described as sporadic, as shown below.



Phase 1:
BP and Shell (1952-64) undertook exploration along the coastal belt and drilled 4 wells.

Phase 2:
AGIP later joined by AMOCO (1969-83) drilled six wells, resulting into 2 gas discoveries: Songo Songo (1974) and Mnazi Bay (1982) fields.

Phase 3:
(1980-1992) SHELL, JEDC ELF, AMOCO and TENACO drilled 13 exploration wells.

Phase 4/Current Phase:
Active licences are: Dublin International Petroleum (Ruvuma and Mandawa) since July 95 resulting in the drilling of Mita-1 (suspended) and East Lika-1; Antrim's Pemba/Zanzibar licence (January 97) and Canop's Dar es Salaam Platform, Kisangire and Mafia Island (June 97).

◆

Other licences are being negotiated in the Ruvu, Ruvuma, Kimbiji, Lake Rukwa and Mnazi Bay areas. There is open acreage in the Selous, Offshore Indian Ocean, Lake Tanganyika, Lake Nyasa, Lake Eyasi and Ruhuhu Basins.

The Songo Songo gas to electricity project will soon enter implementation stage after negotiations are finalized between the Government of Tanzania and Investors group and the World Bank. This project will initially produce 146MW of electricity by late 1998/99. The project consists of a gas processing plant on the Songo Songo Island; 235 km gas transmission pipeline, 25 km of which is marine; and a power plant in Dar es Salaam. The project will also supply gas to other consumers such as the Cement Factory.

The attached map summarizes the licence situation by October 1997.

INCENTIVES TO INVESTORS

Attractive Geology:

Source rocks which appear to have generated substantial quantities of oil are outcropping within the basin margins and have been encountered in several wells. There are two gas discoveries at Songo Songo and Mnazi Bay with recoverable reserves of around ITCF each. There are numerous oil seeps, tar sands and ubiquitous oil and gas shows in the deep wells drilled in the coastal basins of Tanzania. All these facts lead to the hypothesis that mature oil source rocks exist in Tanzania's sedimentary basins.

There are excellent carbonate and sandstone potential reservoir units within the stratigraphic column. The structural movements due to faulting and halokinesis, draping of sediments over horst blocks, etc. have created structural traps, while reefs, turbidite channel sands, etc. have been identified in seismic sections. All these point to high chances of making oil discoveries in the Tanzania sedimentary basins.

With such an attractive geology and low drilling density of only about one well per 12,000 square kilometres, Tanzania is considered underexplored in terms of oil exploration.

Attractive Contract Terms (Commercial & Fiscal):

Below are some of the incentives available for companies investing in oil exploration in Tanzania.

- Long exploration periods of 4 (initial), 4 (first extension) and 3 (second extension) years, totalling 11 years.
- Relatively large exploration areas. Normally, a licence consists of 60 blocks (a block being 5 x 5 minutes); however, each PSA can consist of more than one exploration licence.
- Flexible Work Program and economic terms (Cost Oil Recovery, Profit Oil split and Additional Profits Tax thresholds).
- Exemption from import duties and sales tax on all equipment and materials for use in petroleum exploration.
- Maximum TPDC participation is capped at 20% from former 50%.
- Corporate Income Tax and Royalty, paid for by TPDC.
- Thresholds RORs for Additional Profit Tax raised from former 15% to current 20% for the first tranche and from 20% to 30% for the second tranche. The taxation rate for these rates are negotiable and quite low.
- No front-end bonus such as signature or production bonus.
- Full allowance for unrecovered exploration costs incurred under earlier PSAs in any Contract Area by the same companies that make a discovery in a subsequent PSA (no ring-fencing).
- No foreign exchange restrictions.
- Recourse to international arbitration is provided for.
- Economic basement interpretation allowed for determination of exploration well total depth in case of termination of a well due to mechanical problems.

We believe that these incentives are quite generous for the investors in this sector. Of equally important consideration to investors is that Tanzania is one of the most politically stable countries which now practices a multi-party democratic system. The President of Tanzania is elected from one of several parties as are the Members of Parliament.

Separate incentives in order to encourage deep-sea (greater than 200 m water depth) are under consideration by the Government and TPDC. A plan is also under way to acquire non-exclusive seismic data in the deep sea.

Comprehensive and accessible data can be reviewed in TPDC archives in Dar es Salaam or ordered from the undersigned.

Interested companies, please contact:

The Managing Director
Tanzania Petroleum Development Corporation
P.O. Box 2774, Dar es Salaam
Tel: 255-51-180045/6, 180145/6 - Fax: 255-51-180047
Mobile: 255-812-780691

The Director of Exploration and Production
P.O. Box 5233, Dar es Salaam
Tel: 255-51-29661/36990/36086/
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email: tpdcexploration@raha.com

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RECRUITMENT

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- Review environmental sanitation services involving the improved management of fecal and liquid wastes as well as storm drainage and solid wastes; help develop strategies and action plans; participate in the preparation and supervision of community based urban sanitation projects; develop systematic documentation and learning from innovative pilot projects and help disseminate new approaches and the best practices.

Selection Criteria

- Advanced degree as Environmental Sanitation Engineer; 5-10 years of working experience in water supply and sanitation sector, particularly in the design and implementation of urban sanitation projects in developing countries; Fluency in both French and English, with excellent written and verbal communication skills.

The assignment is for an initial period of two years (renewable).

Please send CV and three references to:
Manager, Regional Water and Sanitation Group
The World Bank
01 BP 1850 Abidjan 01, Cote d'Ivoire
email: MWolda@worldBank.org@internet

Application deadline: **December 31, 1997**

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The Jacksonville Economic Development Commission (JEDC) is seeking a Director of International Business Development to provide overall direction, administration and coordination of the programs and services provided by the City which are focused on international marketing, trade, tourism and economic development. The Director of International Business Development will report directly to the Executive Director of the JEDC, an autonomous body within the Executive Branch of the City government that functions as the City's umbrella organization overseeing economic development.

The position requires the ability to implement, communicate and coordinate the community's strategic plan for global competitiveness. The position is designed to serve as the liaison among all organizations and groups in the city involved in international relations; coordinating global marketing strategies and business development efforts. Additionally, this position will be assigned to work with the International Relations and Marketing Development Commission (IRMDC), a volunteer board charged with the mission of fostering international trade and furthering Jacksonville's business.

Thorough knowledge of several sectors is necessary including trade development, global investment trends, financing, establishment of joint ventures and development of commercial and tourism sectors. Additionally, the candidate must possess a thorough understanding of international trade agreements such as MERCOSUR and NAFTA and their impact to Florida's and the city's economy and their western integration (FTAA).

The ideal candidate should have the following qualifications: a bachelor's degree; senior level experience and a minimum of 10 years in international economic development, marketing and/or governmental or business affairs; a well documented track record; a thorough understanding of diplomatic sensitivity and in-depth protocol knowledge of foreign cultures; and extensive experience with coordinating delegations and trade missions. Candidates should also possess excellent communication, organizational and interpersonal skills. Candidates must have the ability to build consensus and to develop and maintain good relationships with business and community leaders and local and international media. Multi-lingual and experience living and working in the international arena is also preferred.

Salary is commensuate with experience. We offer an attractive compensation and benefits package. Please send resume to Michael B. Weinstein, Esq., Executive Director of the Jacksonville Economic Development Commission, 220 East Bay Street, 14th floor, Jacksonville, Florida, 32202.

The City of Jacksonville is an Equal Opportunity/Affirmative Action Employer.

Application Deadline: December 31, 1997

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Well Respected Washington, D.C. family is looking for two nannies/housekeepers to help them to take care of their 3 children, as well as perform as cook and house-keeper. Must love kids and have excellent manners. French helpful, but not required. Valid U.S. driver's license and "green card" required. Full-time Live-in. References will be required. Start ASAP. Fax (1 202) 789-0895/(1 202) 686-0257, or call (1 202) 364-6573.

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From Penthouse to Rice Paddy, Thais Feel Pain

Middle Class Does With Less

By Thomas Crampton
International Herald Tribune

BANGKOK — Viewed from the tranquillity of the exclusive Bangkok Club, Thailand's economic troubles seem a world away.

High above the city's polluted streets, in a penthouse with sweeping views and a private elevator, club members nod with approval at the latest acquisitions for the wine cellar and monitor the stock market on a real-time terminal.

Filled with captains of industry and government ministers, the club directory reads like an inventory of national affluence. But over the discreet piano music, some sour notes can be heard.

"I had 180 employees last week, but from tomorrow we will have just 65," the president of Bangkok Finance, Pakorn Boonyakurkul, said over lunch recently.

Mr. Pakorn's finance company was one of 58 whose operations were suspended by the authorities this year. On Monday, the government will announce which finance and securities companies will be shut for good.

The closures will bring the country's spiraling economic crisis home to the new middle class, a group that during the "bubble" years, enjoyed annual bonuses of four or five months' salary and acquired a taste for fine French wines.

Few of the companies are expected to reopen, forcing many of the 20,000 highly qualified workers in the finance sector to search for new jobs. But Mr. Pakorn is more concerned about his customers.

"There are a lot of entrepreneurs who cannot get to their money to run their businesses," he said, adding that funds frozen in the accounts of the suspended finance companies amounted to about 17 percent of the country's total financial assets.

"These entrepreneurs upgraded their lifestyle over the last 10 years and became Thailand's middle and upper-middle class," he said. "Now they must sell their cars, condominiums and call their children back home from studying abroad. It will be tough for them."

While Thailand's contracting economy has laid low once-mighty national institutions, on a personal level the slowdown can be felt through the plight of the emerging middle class as well as urban rich.

Having enjoyed a decade of rising stocks and salaries, as well as easy credit, the affluent are now shedding excess goods, cutting back on foreign studies and simply hoping to keep a job.

Wasun Panon understands the pain of the newly poor and has managed to capitalize on it. Mr. Wasun, the president of Benz Thonglor, helped build Thailand into one of the world's largest markets for Mercedes-Benzes. Now he also sells used cars and luxury goods at his wildly popular "market for the formerly rich."

"I am trying to give a message to Thai people," Mr. Wasun said. "Now is the time to sell excess luxury goods."

The multistory parking garage from which he does business has a carnival-like atmosphere as customers inspect rows of used cars with mobile-phone numbers scrawled on the windshields. Owners mingle in the crowd waiting for a call, which usually comes from Thailand's recently rich expatriate employees with their dollar-denominated salaries.

Not all the shoppers are foreign. One Thai woman wearing diamond-encrusted Jacqueline Onassis-style sunglasses said she was looking for a newer model Mercedes to replace her old one.

When Thailand's economic bubble burst, traders and bankers were the first to feel the shock. In the last several weeks, however, members of the middle class have become painfully aware that they will be forced to downgrade their dreams.

"All my friends are scared," said Don Watanasak, 27, a photographic imager who lost his job in July when the company he worked for collapsed. "They go to work every day worried that the big boss will tell them their salary has been cut or people will lose their jobs." Following a three-month search, Mr. Don found a new job, but he said that he and his friends had cut back on spending and changed their lifestyles.

At the peak of its consumption binge, in the early 1990s, Thailand was the seventh-largest market for Mercedes Benz cars and the largest consumer of 12-year-old premium Scotch whiskey in the world.

Mr. Don, the son of a policeman, was the first member of his family to study at a university in the United States, but the collapse of Thailand's currency will keep him from attending this year's class reunion.

The speed of Thailand's fall seems to have taken virtually everyone by surprise.

Art Wichiencharoen and his wife, Walliwan Varavarn, made a costly mistake with their son's education in the United States.

Even upon hearing the news that the baht would float as he got dressed on the morning of July 2, Mr. Art said, he

See URBAN, Page 17



Thomas Crampton/International Herald Tribune

Art Wichiencharoen and Walliwan Varavarn have had to postpone schooling in the United States for their son, Ed, in the foreground.

Farmers Fear Rising Costs

By Thomas Crampton
International Herald Tribune

SUPHANBURI, Thailand — Bang Yai village has 137 wooden homes, two temples, a famed Buddha image and one worried mayor.

"Everyone in the village has debts here, apart from two farmers," the mayor, Wanchai Chamnandi, said. "If the prices keep going up, it will get difficult to pay for fertilizer in the next planting season."

Roads crunch with drying rice at harvest time in Suphanburi Province, where Thailand's economic boom and a generation of bountiful exports have allowed farmers such as Niwat Rupnam to buy a television and trade his water buffalo for a tractor.

While the country's economic problems started in Bangkok-based financial institutions, echoes of the crisis can be heard down on the farm, where the past decade has brought dependence on credit and imported chemicals.

"Compared to 10 years ago, things are much better" Mr. Niwat said. "There are refrigerators in almost every house, and many people have motorcycles. In the past we didn't have any money to spend at the market."

While farmers could abandon self-sufficiency and get a taste of consumer culture, their incomes increased just a small fraction compared to those of nonagricultural sectors.

Farmers did, however, learn the ways of easy credit and deferred payment. Mr. Wanchai said most farmers in Bang Yai earned less from rice each

See RURAL, Page 17



Thomas Crampton/International Herald Tribune

Sathien Mangkhang, a rice farmer who drives a motorcycle cab in Bangkok between plantings, has seen his taxi income fall sharply.

Daewoo Is Said to Seek Ssangyong's Car Unit

Reports of Deal Follow New Chaebol Failure

By Don Kirk
Special to the Herald Tribune

SEOUL — Daewoo Corp. has agreed in principle to purchase debt-ridden Ssangyong Motor Co., South Korean media reported Sunday.

Word of a possible deal followed the news Saturday that Halla Group, South Korea's 12th-largest *chaebol*, or conglomerate — and one closely allied with Hyundai Group, the country's largest chaebol in terms of assets — had collapsed after defaulting on $220 million in loans.

Daewoo's chairman, Kim Woo Choong, reportedly has almost completed talks with Ssangyong Group's chairman, Kim Suk Joon, according to Chosun Ilbo, Seoul's leading daily newspaper. Daewoo and Ssangyong would not confirm the deal.

"Yes, we've been negotiating, and we'd like to sell the company," a man identified as a senior Ssangyong executive said in an interview Sunday on the state-owned Korea Broadcasting System's main news program.

The Ssangyong executive said the reason for the sale was the debt incurred during Ssangyong Motor's effort to enter the auto business in competition with South Korea's three major motor vehicle manufacturers, Hyundai, Daewoo and Kia Group. Kia declared bankruptcy last summer. A senior Daewoo official told Korean Broadcasting that Daewoo was less heavily in debt than other Korean chaebol. Ssangyong's debt is estimated at about $2 billion.

Rumors of Daewoo's plan to purchase Ssangyong Motor began swirling Saturday when share prices of Ssangyong's listed companies suddenly shot up nearly 8 percent, the maximum rise permitted in one day, before the exchange closed for the weekend at midday.

Daewoo, South Korea's fourth-largest conglomerate in terms of sales and assets after Hyundai, Samsung Group and LG Group, has sharply increased its motor-vehicle production, expanding facilities in South Korea while buying plants in former Soviet-bloc countries.

Ssangyong, the country's sixth-largest group, has been producing buses, trucks and vans for 11 years and was just starting to make passenger cars with technology from Mercedes-Benz AG. The first Ssangyong car, a luxury vehicle called the Chairman, with a Mercedes engine and a Ssangyong logo, entered the market about a month ago.

Daewoo, by acquiring Ssangyong, hoped to enter the American market with jeeps and vans now produced by Ssangyong, industry sources said.

Ssangyong has long been negotiating with Daimler-Benz AG, which owns 5 percent of Ssangyong Motor's stock, for the sale of its motor-vehicle company. The talks with Daimler-Benz reportedly foundered on the question of Ssangyong Motor's debt.

Daimler-Benz, however, must still approve any deal between Daewoo and Ssangyong, according to Chosun Ilbo. Ssangyong became widely talked about as the next chaebol likely to go bankrupt after Halla said Saturday it had had to apply for court receivership for two of its most important companies, Halla Engineering & Heavy Industries Co. and Halla Merchant Marine Co.

Halla also sought court protection to reschedule debts of three other companies: Mando Machinery, Halla Cement Manufacturing and Halla Engineering & Construction.

■ Halla Bankruptcy Raises Fears

Andrew Pollack of The New York Times reported earlier from Seoul:

The collapse of Halla Group spurred new fears of a wave of corporate bankruptcies under the strict financial rules dictated by the International Monetary Fund.

Halla is the sixth of South Korea's 30 largest chaebol to fail this year after borrowing huge amounts of money to finance unsuccessful expansions.

The collapse of the conglomerates has saddled banks with huge amounts of bad debt, crippling the financial system and helping to force Seoul into seeking the IMF bailout announced last Wednesday. Although Halla fell into bankruptcy after failing to repay about $220 million in debt, according to its creditor banks, its overall debt totals $5.3 billion.

Halla's bankruptcy could in turn hurt Hyundai Group, which lent Halla money. It could also cripple Korea's automobile industry, because a Halla subsidiary is a major supplier of car parts.

Halla's troubles began well before the IMF announced the program to lend South Korea $57 billion or more. In the past, however, Halla might have been kept alive by its banks, which would have lent it more money.

But under terms set by the IMF for the bailout, banks must become healthy to survive. They can no longer afford to lend good money after bad, and many are seeking immediate payment of loans from high-risk clients. Analysts say, therefore, that other indebted companies could fall into bankruptcy under similar conditions.

Halla, which is involved in shipbuilding, paper, construction and other industries in addition to auto parts, said six of its subsidiaries were filing for either court receivership or court mediation to reschedule debt payments.

The biggest problem is with Halla Engineering & Heavy Industries, one of South Korea's leading shipbuilders. Halla spent billions of dollars on a new shipyard, only to face overcapacity.

Halla was founded by Chung In Yung, the younger brother of Chung Ju Yung, who started Hyundai Group.

Hyundai has been lending money to Halla to help keep it going, and there is speculation that Hyundai will rescue Halla or buy some of its subsidiaries. But the state-owned news agency Yonhap quoted an anonymous Hyundai official Saturday as denying this.

Japan Considers Tighter Definition of 'Bad Loan'

Compiled by Our Staff From Dispatches

TOKYO — The Ministry of Finance said Sunday it was considering a stricter definition of "unrecoverable loans," a move that could soothe investors' concerns about hidden losses but could also triple the declared value of banks' bad loans.

The collapse Nov. 24 of Yamaichi Securities Co., which admitted to 2.1 billion yen ($16.1 million) in hidden losses on stock transactions, heightened concerns that other Japanese financial companies may have understated their debts.

"We're now discussing changing the definition of bad loans with the major banks," said Sei Nakai, deputy director of the Ministry of Finance's banking bureau. "The debate on the appropriateness of Japan's definition is one reason there has been anxiety in the market." Japanese banks may hold 79 trillion yen in unrecoverable loans, more than three times the value of loans that banks officially reported as non performing as of the end of March, the Nihon Keizai reported Saturday.

The amount, worth 14 percent of the total loans extended, may reflect a broader definition of a bad loan. The Ministry of Finance said it would declare the amount of banks' bad loans by mid-December; that number will include, for the first time, loans that banks think may eventually turn out to be unrecoverable.

By U.S. standards, bad loans include those more than three months past due or those on which interest payments have been waived or lowered to help borrowers. By Japanese standards, the default period has to be more than six months, or the interest rate cut to below the official discount rate, which is 0.5 percent.

The Ministry of Finance will set tough standards for bad loans held by Japanese banks as part of a plan to promote information disclosure by banks, the paper reported Saturday.

The standard is likely to label loans as nonperforming when principal payments are delayed for more than three months, the standard used by the U.S. Securities Exchange Commission, the report said.

The Ministry of Finance and the Bank of Japan estimate that nationwide banks accounted for 57.3 trillion yen of the industry's possibly unrecoverable loans, while regional banks probably accounted for 21.7 trillion yen, the Nihon Keizai report said.

The finance committee of Japan's lower house of Parliament passed legislation Friday allowing the semi-public Deposit Insurance Corp., a banking-system safety net, to provide money to banks that agree to merge.

Separately, Hokuriku Bank Ltd., a regional bank based in central Japan, said Saturday it would cease its overseas banking business, while restructuring domestic operations.

Hokuriku Bank's president, Kenso Yashima, said his bank planned to write off all its bad loans in the year ending in March, Kyodo news agency reported. The move is aimed at enhancing its financial standing before the Finance Ministry gets tough on management of banks as part of Tokyo's "Big Bang" plan to deregulate financial markets.

Hokuriku Bank will shut its branches in New York, London and Hong Kong and a subsidiary in Hong Kong, Mr. Yashima told the Kyodo news service. The New York and Hong Kong branches will be downgraded to representative offices, while the representative offices in Shanghai and Singapore will be untouched. As for domestic operations, the bank has drawn up a three-year plan to close or merge 20 outlets and cut its work force by 15 percent starting in April as it aims to specialize in retail banking for individual clients, he said. The bank's bad loans totaled 286.2 billion yen as of the end of September, or 5.5 percent of total lending volume. *(Bloomberg, AFP)*

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New York (b)	—	1.6598	1.1826	5.9453	1.744.00	2.0085	34.77	1.44	130.20	1.4239	150.125
Paris	5.9301	9.867	3.3477	—	0.3414*	2.9783	0.1423	4.1419	4.38*	4.171	3.961*
Tokyo	139.60	215.87	73.22	21.88	0.348	64.98	3.3503	98.63	—	91.27	0.8671
Toronto	1.4238	2.362	0.7986	0.2386	0.0815*	0.7099	0.3871*	0.9882	1.0929*	—	0.945*
Zurich	1.4395	2.3936	0.8373	0.2501	0.082*	0.7565	2.9148*	—	1.3254*	1.0116	0.9559*
1 ECU	1.1147	0.6498	1.0756	0.6138	1.930.88	2.2262	40.7253	1.5905	144.379	1.3854	166.934
1 SDR	1.3557	0.8147	2.4084	8.08	2.385.19	2.7071	49.5523	1.9407	175.839	1.9386	202.995

Quotes in Amsterdam, London, Milan, Paris and Zurich: fixings in other centers: New York and Toronto rates at 3 P.M.
*a To buy one pound. b To buy one dollar. *Units of 100. N.Q.: not quoted. N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	278.10	Mex. peso	8.107	S. Afr. rand	4.872
Australian $	1.459	Hong Kong $	7.7367	N. Zealand $	1.6631	S. Kor. won	1228.0
Austrian sch.	12.467	Hung. forint	200.41	Norw. krone	7.1824	Swed. krona	7.785
Brazil. real	1.1101	Indian rupee	38.80	Phil. peso	35.00	Taiwan $	31.75
Chinese yuan	8.31	Indo. rupiah	3995.0	Polish zloty	3.55	Thai baht	41.60
Czech koruna	34.86	Irish £	0.6825	Port. escudo	180.86	Turkish lira	196170
Danish krone	6.7468	Israeli shek.	3.5313	Russ. ruble	5932.12	UAE dirham	3.671
Egypt. pound	3.4065	Kuw. dinar	0.3015	Saudi riyal	3.75	Venez. bolív.	501.75
Fin. markka	5.3427	Malay. ring.	3.795	Sing. $	1.612		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6586	1.6573	1.6549	Japanese yen	128.89	128.19	127.62
Canadian dollar	1.4193	1.4173	1.4157	Swiss franc	1.4312	1.4307	1.4302
Deutsche mark	1.7686	1.7655	1.7627				

Source: BNL Bank (Amsterdam); Crédit Lyonnais Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Kodak Ruling: Risk to New Pact?

Compiled by Our Staff From Dispatches

GENEVA — The United States, stung by the loss of a major market-access case against Japan in the World Trade Organization, could decide to sink a new WTO pact to liberalize financial services, diplomats said Sunday.

With only five days to go before a self-imposed deadline for agreement, senior officials from around 70 countries actively involved in the negotiations are to meet Monday. A pact would bring banking, insurance and securities dealing worldwide under enforceable WTO open-trading rules, injecting competition into many countries where all three activities have been long protected.

U.S. officials, including Trade Representative Charlene Barshefsky, have deplored a decision by a panel of the global trade body against a U.S. complaint alleging that Japan had rigged its domestic market to favor Fuji Photo Film Co. against Eastman Kodak Co.

"The panel's findings simply do not address market realities," Ms. Barshefsky said. "Even within Japan, it is common knowledge that Japan's market is overregulated, its distribution system is closed and exclusionary business practices are prevalent."

But any unilateral punishment would not only risk aggravating already frayed U.S.-Japanese trade relations but also smack of hypocrisy, as Washington had agreed to abide by the panel's findings.

Diplomats said the anger in Congress over the finding, released Friday but yet to be confirmed in a formal ruling, could only harden the U.S. position on financial services.

"After the Kodak-Fuji debacle, the White House will need to show that it is not giving away too much, even if Congress does not have to approve a financial services agreement," one envoy involved in the negotiations said.

The banking federation of the European Union's 15 member states — urging final efforts to reach a deal — said Sunday that collapse of the talks could bring more turmoil to financial markets already rocked by the Asian crisis and affect the global economy.

The Union, which salvaged a partial pact when the United States walked away from talks in 1995 because it felt developing countries were holding too much back, is believed to be ready to sign up now, as are Japan and Canada. The EU itself, like the United States, has offered to effectively open up its financial-services industry to all comers under an accord. *(Reuters, NYT)*

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Investors, Seeing Asia Crisis as Tamed, Look to Keep the U.S. Rally Alive

Compiled by Our Staff From Dispatches

NEW YORK — As some optimism returns to Asia, investors will be scanning economic data this week for signs that the rally in U.S. stocks and bonds can continue amid expectations of low inflation and inflows of foreign capital.

The stock and bond markets broke with convention Friday as they both

U.S. CREDIT MARKETS

shrugged off unexpectedly strong November employment data.

Bond prices, which fell sharply just after the Labor Department announced that nonfarm payroll jobs jumped 404,000 last month, trimmed their losses by the end of the day. The yield on the benchmark 30-year Treasury bond finished at 6.08 percent, up from 6.05 percent from the previous week.

Investors will get more clues on the economy and inflation when the government reports on November retail sales Thursday and producer prices Friday.

Frequently this year, bullish economic news pushed bond prices lower as traders and investors worried about rising inflation and an interest-rate increase by the Federal Reserve Board. Stock prices usually followed suit, even though a robust economy should be good for corporate earnings.

But the financial turmoil in Asia seemed to have changed the equation.

The optimistic interpretations of the strong jobs report that prompted the stock market to rally and the bond market to rebound seem to be based on a newly optimistic view of Asia. A month ago, Asian financial shocks were causing stocks to plunge and many investors to seek a haven in the bond market.

Now, many investors appear to think the International Monetary Fund's rescue packages for troubled economies such as South Korea, Indonesia and Thailand are containing the problems and that the drag on the American economy from any Asia slowdown will be a benefit, especially because it could keep the Fed from raising rates.

The late rally in bonds Friday was led by investors who felt that the employment report was old news, said David Jones, chief economist at Aubrey G. Lanston & Co. "It may be the best number on employment we are going to see for a long time because Asia will slow down growth here next year," he said.

The strong jobs report stirred concern that the Federal Reserve will be pressed to increase bank lending rates in the next few months to slow the U.S. economy and ward off inflation. Fed officials are scheduled to meet Dec. 16 and again Feb. 3 and 4.

"If we keep getting numbers like this," Jim McDonald of T. Rowe Price Associates Inc. in Baltimore said, "eventually we've got to see" stronger inflation.

There is little evidence so far, however, that inflation is picking up. The U.S. consumer price index rose at a 1.8 percent annual rate in the first 10 months of the year, the slowest in a decade.

"The picture hasn't changed all that much," said Hugh Whelan, a manager at Aeltus Investment Management in Hartford, Connecticut. "There is no reason to be worried about U.S. inflation right now." In this picture, the biggest question remains whether economic growth will stay moderate. The economy grew at a 3.9 percent pace in the 12 months through September, well above the Fed's goal of 2 percent to 2.5 percent.

A senior Fed official told Bloomberg News in an interview before the jobs report Friday that the central bank expects the fallout from Asia's financial decline to slow the U.S. economy to a "reasonable" growth rate next year with low inflation.

The Fed forecasts that gross domestic product will expand at a slower rate of 2.25 percent to 2.5 percent in 1998, compared with 3.6 percent this year.

"Anyone who thought we needed a quarter or half a percentage point of tightening will think again," said the Fed official, who spoke on condition that he not be named.

Steve Guterman, a manager at Salomon Asset Management, said, "What really counts is the impact Asia is going to have on the U.S. and when we are going to see that."

Sung Won Sohn, chief economist at Norwest Corp., said many market participants saw the bond market's initial self-off after the jobs report Friday as an opportunity to buy, given the strong market fundamentals, including low inflation, a shrinking budget deficit and high real, or after-inflation, interest rates.

"The bond market has been so strong for so long, and many portfolio managers thought it was too expensive to buy, so today was an opportunity," he said Friday.

Participants are also looking to the release Wednesday of a plan by Japan's governing Liberal Democratic Party to ease the crisis in the country's financial sector.

"The government needs to come up with some money to take bad loans off the books of commercial banks and stimulate consumer spending," Mr. Sohn said. If the plan is credible, he said, U.S. Treasury bonds will benefit, because Japan then would be less likely to sell the bonds to bail out its financial system.

(NYT, Bloomberg, Bridge News)

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Dec. 5. Prices supplied by Telekurs.

Argentine Peso

Rnk	Name	Cpn	Maturity	Price	Yield
249	Argentina FRN	3.2052	04/01/01	101.6992	3.1500

Austrian Schilling

Rnk	Name	Cpn	Maturity	Price	Yield
222	Austria	5⅝	07/15/07	100.9000	5.5700

Belgian Franc

Rnk	Name	Cpn	Maturity	Price	Yield
224	Belgium	7¾	12/22/00	108.3000	7.1600
225	Belgium Tbills	zero	02/05/98	99.3823	3.4900

British Pound

Rnk	Name	Cpn	Maturity	Price	Yield
145	World Bank	6.1000	03/17/00	98.1250	6.2200
150	Fannie MaeW8	6⅞	06/07/02	99.5000	6.9100
153	World Bank	zero	07/17/00	82.6250	7.5600
185	Fannie Mae	6.4300	03/22/01	96.7293	6.6500
186	EIB FRN	7½	11/19/02	99.9500	7.5000
190	Denmark	6¾	08/24/98	99.1250	6.8100
213	Aire Valley FRN	7.4743	11/04/39	99.7500	7.4900
215	World Bank	7	06/07/02	99.8750	7.0100
219	Abbey National	6	08/10/99	97.8229	6.1300
246	Sakura Bank	8.0600	02/25/98	99.0177	8.1400

Canadian Dollar

Rnk	Name	Cpn	Maturity	Price	Yield
113	Canada	7½	12/01/03	110.8670	6.7600
137	Canada	7¼	06/01/07	117.9335	6.1500

Danish Krone

Rnk	Name	Cpn	Maturity	Price	Yield
9	Denmark	7	11/10/24	108.1000	6.4800
13	Denmark	8	03/15/06	114.6000	6.9800
19	Denmark	7	11/15/07	108.4300	6.4600
25	Denmark	6	12/10/99	102.6000	5.8500
48	Denmark	9	11/15/00	110.6000	8.1400
50	Denmark	8	11/15/01	109.8900	7.2800
52	Denmark	7	12/15/04	107.7000	6.5000
65	Nykredit	7	10/01/29	98.2500	7.1200
66	Denmark	6	11/15/02	103.2500	5.8100
68	Denmark	9	11/15/98	104.0000	8.6500
75	Real Kredit	6	10/01/26	94.5500	6.3500
78	Nykredit	6	10/01/26	94.4100	6.3600
88	Denmark	8	05/15/03	112.1400	7.1300
107	Realkredit Dan	7	10/01/29	98.3500	7.1200
122	Denmark	4	02/15/00	98.6500	4.0500
163	Denmark	7	02/15/98	100.5100	6.9600
174	Denmark	6	02/15/99	101.7300	5.9000
184	Unikredit	7	10/01/29	98.3000	7.1200
194	Unikredit	6	10/01/26	94.5000	6.3500

Deutsche Mark

Rnk	Name	Cpn	Maturity	Price	Yield
1	Germany	6	07/04/07	104.2800	5.7500
2	Germany	6	01/04/07	104.2200	5.7600
3	Germany	4	09/17/99	99.0546	4.0400
4	Germany	4½	08/19/02	98.0400	4.5900
6	Germany	6½	07/04/27	107.3117	6.0600
7	Treuhand	7¾	12/02/02	110.1634	6.6900
8	Germany	8	01/21/02	111.3133	7.1900
10	Germany	7⅜	01/03/05	112.1300	6.5800
11	Germany	8¼	09/20/01	111.5700	7.3900
12	Germany	4½	05/17/02	98.2700	4.5800
14	Germany	8¾	08/20/01	113.0833	7.7400
15	Germany	6⅞	05/12/05	109.4067	6.2800
16	Germany	6¾	09/15/99	104.1200	6.4800
17	Germany 94	6¼	01/04/24	104.0843	6.0000
18	Germany	8	07/22/02	112.1467	7.1300
20	Bundesobligation	4½	02/22/02	98.5725	4.5700
21	Germany	6½	10/14/05	107.2967	6.0600
22	Germany	6	01/05/06	104.1040	5.7600
23	Treuhand	7½	09/09/04	112.5600	6.6600
24	Treuhand	7⅛	01/29/03	109.1050	6.5300
27	Germany	3½	06/18/99	98.9400	3.5400
29	Germany	4¾	11/20/01	97.8654	4.8500
30	Germany	6¼	04/26/06	105.8800	5.9000
31	Germany	5	08/20/01	100.6100	4.9700
32	Germany	9	10/20/00	111.3640	8.0800
34	Treuhand	7¾	10/01/02	111.3800	6.9600
37	Germany	7¼	10/21/02	109.4100	6.6300
38	Germany	8½	02/20/01	110.9350	7.6600
40	Treuhand	6⅝	07/09/03	107.1300	6.1800
41	Germany	6	09/15/03	104.5300	5.7400
42	Germany	3¾	03/19/99	99.5134	3.7700
43	Germany	5⅛	11/21/00	101.3380	5.0600
44	Germany	6	02/16/06	104.1900	5.7600
45	Germany	8⅞	12/20/00	111.5600	7.9600
46	Germany	9	01/22/01	112.1700	8.0200
47	Germany	5¼	02/21/01	101.5550	5.1700
55	Germany	7⅛	12/20/02	109.1100	6.5300
56	Treuhand	7	11/25/99	104.8200	6.6800
57	Treuhand	6⅝	07/01/99	103.1100	6.1800
58	Germany	3½	09/18/98	99.6500	3.5100
59	Germany	7	01/13/00	105.0833	6.6600
60	Germany	5¾	08/22/00	102.8600	5.5900
62	Treuhand	6¾	05/13/04	108.1775	6.2400
64	Germany	6½	07/15/03	106.5900	6.1000
69	Germany	6	06/20/16	102.6517	5.8500
70	Germany SP	zero	07/04/27	16.7700	6.2200
71	Germany	5	05/21/01	100.8500	4.9600
72	Treuhand	6⅞	06/11/03	108.3200	6.3500
73	Germany	5⅞	05/15/00	103.0400	5.7000
76	Germany	7½	11/11/04	112.7600	6.6500
79	Germany	6½	03/15/00	104.2600	6.2300
81	Germany	7¼	01/20/00	105.5700	6.8700
82	Treuhand	6½	04/23/03	106.4700	6.1100
84	Germany Tbills	zero	04/17/98	98.7119	3.5900
85	Germany	3½	12/18/98	99.4700	3.5200
86	Treuhand	6⅛	03/26/98	99.8289	6.1400
87	Germany	6¾	07/15/04	108.4040	6.2300
89	Treuhand	5	12/17/98	100.9656	4.9500
91	Germany	7	12/22/97	100.1300	6.9900
94	Germany	8⅛	05/21/01	111.1600	7.5300
95	Germany	6¾	04/22/03	107.6837	6.2700
98	Germany	7¾	02/21/00	106.7600	7.2600
100	Treuhand	6¼	07/29/99	103.0600	6.0600
103	Treuhand	6⅛	06/25/98	101.1700	6.0500
106	Germany	8¾	05/22/00	109.5300	7.9900
109	Germany	6⅞	02/24/99	103.1300	6.6700
112	Germany	8¾	07/20/00	109.9900	7.9600
115	Germany	6	02/20/98	100.4100	5.9800
116	Germany	8½	08/21/00	109.6100	7.7500
119	Germany	6⅞	12/02/98	102.6800	6.7000
123	Treuhand	5	01/14/99	100.9533	4.9500
125	Germany	6⅜	05/20/98	100.1735	6.3600
126	Germany	6½	01/02/99	102.4600	6.3400
133	Germany	5¼	10/20/98	101.0500	5.2000
140	Treuhand	6¼	03/04/04	105.6800	5.9100
142	Germany	5¾	08/20/98	101.2500	5.6800
143	Germany FRN	3.0480	09/30/04	99.1700	3.0700
148	Germany	6⅛	05/20/99	102.6400	5.9700
149	Germany	6⅝	01/20/98	100.3200	6.6000
152	Germany	5¼	02/22/99	101.4200	5.3000
158	Treuhand	6	11/12/03	104.3500	5.7500
166	Germany	6⅜	12/21/98	102.2800	6.2300
175	Treuhand	5⅝	09/24/98	101.2600	5.5600
182	Germany	6¼	02/20/98	100.4600	6.2200
189	Germany	5⅝	09/20/16	98.1880	5.7300
199	Germany	5¾	05/28/99	102.1300	5.6300
201	Germany SP	zero	01/04/07	61.8000	5.4400
202	Germany	6⅛	03/20/98	100.6400	6.0900
205	KFW	5⅝	11/27/07	100.2000	5.6100
212	German States	6	01/29/07	103.0000	5.8300
218	Russia	9	03/25/04	99.5500	9.0400
247	Hellenic FRN	4.1367	11/27/02	99.5000	4.1600

Dutch Guilder

Rnk	Name	Cpn	Maturity	Price	Yield
51	Netherlands	5¾	02/15/07	102.7500	5.6000
53	Netherlands	9	01/15/01	112	8.0400
54	Netherlands	6¼	07/15/98	101.2500	6.1700
74	Netherlands	8½	03/15/01	111	7.6600
80	Netherlands	5¾	09/15/02	103.1500	5.5700
97	Netherlands	6	01/15/06	104.5000	5.7400
104	Netherlands	7½	04/15/10	117.6000	6.3800
110	Netherlands	7½	01/15/23	121.0000	6.2000
117	Netherlands	8¼	06/15/02	113	7.3000
132	Netherlands	7¾	01/15/00	106.3500	7.2900
151	Netherlands	8¼	02/15/00	107.5500	7.6700
154	Netherlands	7¼	10/01/04	111.45	6.5100
156	Netherlands	6¾	11/15/05	109.2500	6.1800
161	Netherlands	6½	07/15/98	101.4000	6.4100
165	Netherlands	5¾	01/15/04	103.2000	5.5700
170	Netherlands	8¼	02/15/02	112.3000	7.3500
173	Netherlands	6½	04/15/03	106.6500	6.0900
176	Netherlands	8¾	09/15/01	113.1000	7.7400
178	Netherlands	7	03/15/99	103.3000	6.7800
181	Netherlands	7½	06/15/99	104.5900	7.1700
183	Netherlands	7	06/15/05	110.5500	6.3300
192	Netherlands	6¾	02/15/99	102.8200	6.5600
196	Netherlands SP	zero	01/15/23	21.7500	6.2600
207	Netherlands	7¾	03/01/05	114.8500	6.7500
221	Netherlands	7	02/15/03	108.8000	6.4300
231	Netherlands	8½	06/01/06	121.1500	7.0200
242	Netherlands	8¼	02/15/07	120.5000	6.8500
248	Neth Tbills	zero	06/30/98	97.8793	3.8000

ECU

Rnk	Name	Cpn	Maturity	Price	Yield
155	France OAT	5½	04/25/07	98.9600	5.5600
164	France BTAN	4½	07/12/02	97.4500	4.6200
172	France OAT	6¾	04/25/02	106.0500	6.3600
210	France OAT	6	04/25/04	103.7000	5.7900
250	France BTAN	6	03/16/01	103.2500	5.8100

Finnish Markka

Rnk	Name	Cpn	Maturity	Price	Yield
217	Finland Serial s	7¼	04/18/06	110.8140	6.5400
239	Finland Tbills	zero	08/14/98	96.6263	5.0600

French Franc

Rnk	Name	Cpn	Maturity	Price	Yield
111	France BTAN	4¾	04/12/99	100.7800	4.7100
198	France OAT	5½	04/25/04	102.2400	5.3800
203	France BTAN	4	01/12/00	99.1800	4.0300
223	France OAT SP	zero	10/25/25	19.1900	6.0900

Irish Punt

Rnk	Name	Cpn	Maturity	Price	Yield
233	Ireland	8	08/18/06	114.3000	7.0000

Italian Lira

Rnk	Name	Cpn	Maturity	Price	Yield
179	Italy	10½	07/15/98	102.6200	10.2300

Japanese Yen

Rnk	Name	Cpn	Maturity	Price	Yield
180	World Bank	4½	06/20/00	109.6250	4.1000
206	N.U. Invest FRN	0.8813	01/18/99	100.0901	0.8800
228	Ibm	4.6500	06/20/00	108.1559	4.3000
229	World Bank	4½	12/22/97	100.1250	4.4900
244	World Bank	4½	03/20/03	116½	3.8600

Portuguese Escudo

Rnk	Name	Cpn	Maturity	Price	Yield
136	Bco Invimob Fm	zero	02/28/07	100.6303	0.0000

Spanish Peseta

Rnk	Name	Cpn	Maturity	Price	Yield
191	Spain	7.9000	02/28/02	109.9490	7.1900
195	Spain	7.3500	03/31/07	111.4430	6.6000
197	Spain	10¼	11/30/98	105.2200	9.7400
232	Spain Bonos U	5	01/31/01	99.6431	5.0200
243	Spain	6¾	04/15/00	99.5580	6.7800

Swedish Krona

Rnk	Name	Cpn	Maturity	Price	Yield
83	Sweden 1036	10¼	05/05/00	110.1330	9.3100
120	Sweden	6	02/09/05	99.7480	6.0200
139	Sweden 1037	8	08/15/07	113.2300	7.0700
157	Sweden	5½	04/12/02	98.6930	5.5700
171	Sweden	11	01/21/99	106.1210	10.3700
188	Sweden	6½	10/25/06	102.5920	6.3400
227	Sweden	13	06/15/01	122.3430	10.6300

U.S. Dollar

Rnk	Name	Cpn	Maturity	Price	Yield
5	Brazil Cap S.L	4½	04/15/14	89.8732	5.0100
26	Argentina par L	5½	03/31/23	73.5000	7.4800
28	Argentina FRN	6 11/16	03/29/05	86.2526	7.7500
33	Brazil L FRN	6 13/16	04/15/06	84.8059	7.8900
35	Brazil	10⅛	05/15/27	91.4000	11.0800
36	Brazil FRN	6 13/16	01/01/01	95.8000	7.1100
39	Mexico	11½	05/15/26	119.3899	9.6300
49	Russia	10	06/26/07	95.7717	10.4400
61	Argentina	11⅜	01/30/17	107.8750	10.5400
63	Argentina	9¾	09/19/27	94.3182	10.3400
67	Venezuela	9¼	09/15/27	90.9496	10.1700
77	Venezuela FRN	6¾	12/18/07	91.2322	7.4000
90	Mexico	6¼	12/31/19	83.0000	7.5300
92	Bulgaria FRN	6 11/16	07/28/11	74.6543	8.9600
93	Mexico par A	9⅞	01/15/07	106.1583	9.3000
96	Venezuela par A	6¾	03/31/20	87.0000	7.7600
99	Brazil Cband S.L	4½	04/15/14	89.9101	5.0000
101	Bulgaria FRN	6 11/16	07/28/24	77.4001	8.6400
102	Brazil S.L FRN	6¾	04/15/09	81.7938	8.2500
105	Poland FRN	6 11/16	10/27/24	95.5793	7.0000
108	Bgb Fin Ireland	6¼	03/19/01	99.7500	6.2700
114	Korea De Bk	7¾	05/15/06	93.5000	7.7500
118	Brazil par ZI	5¼	04/15/24	72.0000	7.2900
121	Brazil S.L FRN	6¾	04/15/12	77.0000	8.7700
124	Ecuador FRN	3¼	02/28/15	63.5871	5.1100
127	CADES	zero	07/10/98	95.9466	7.1400
128	Russia	9¼	11/27/01	98.3097	9.4100
129	Argentina	8⅜	12/20/03	97.4422	8.5900
130	Mexico B FRN	6¼	12/31/19	83.0000	7.5300
131	Depfa Bk FRN	5.7157	01/22/99	97.2035	5.8800
134	Argentina FRN	6⅞	03/31/23	82.8127	8.3000
135	Brazil S.ZI FRN	6 13/16	04/15/24	80.8700	8.2700
138	Argentina FRN	5 11/16	04/01/01	105.1170	5.4100
141	Mydfo FRN	6 11/16	09/09/07	80.3212	8.3300
144	Italy	6⅞	09/27/23	104.1250	6.6000
146	SEK	6⅛	10/02/00	100.0000	6.1300
147	Credit Local	6½	02/18/04	101.0000	6.4400
159	Arg Bontes	8¾	05/09/02	95.5000	9.1600
160	Philippines Flx	8¾	10/07/16	93.5000	9.3600
162	Australia Bk Fm	6.2750	01/21/08	100.0000	6.2700
167	ADB	6¼	10/28/02	100.3750	6.2300
168	Brazil L FRN	6 13/16	04/15/06	85.6954	7.8000
169	EIB	6⅛	10/28/02	100.6280	6.0900
177	Canada	6⅛	07/15/02	101.1469	6.0600
187	Mexico	9¾	02/06/01	105.0000	9.2900
193	Mexico B FRN	6.6172	12/31/19	93.0835	7.1100
200	Bco Brasil FRN	6.6458	10/14/99	83.4685	7.9600
204	Poland Inter	4	10/27/14	85.5878	4.6700
208	Ontario	6	02/21/06	98.5000	6.0900
209	Italy Regist.	5	06/28/01	110.4375	4.5300
211	Mexico	11⅜	09/15/16	116.5535	9.7600
214	Azauap FRN	6.5063	12/31/99	100.0000	6.5100
216	Brazil	8⅞	11/05/01	99.9491	8.8800
220	Sweden	6⅛	12/03/02	100.4169	6.1000
226	Sakura CayFm	6.6188	12/31/99	95.5800	6.9200
230	Brazil S.L FRN	6¾	04/15/12	76.8250	8.7900
234	Canada	6¾	08/28/06	104.3750	6.4700
235	Bco Com Ext.	7¼	02/02/04	93.2500	7.7700
236	Energie Beheer	6¼	11/04/02	100.3054	6.2300
237	Ecuador FRN	6 11/16	02/28/25	74.2500	9.0100
238	Mexico A FRN	6.6925	12/31/19	93.0000	7.2000
240	Exim Bk Japan	6⅜	11/07/02	100.7500	6.3300
241	Loop Fund Fm	zero	05/03/03	100.0000	0.0000
245	Venezuela par B	6¾	03/31/20	86.3750	7.8100

Old-Fashioned Overlending Gets Blame

Report Finds Banks Still Expanding Credits to Asia as Crisis Broke Out

By Carl Gewirtz

International Herald Tribune

PARIS — It looks like the banks have done it again.

Never mind the forebodings about how the misuse of complex and highly leveraged new financial instruments could endanger the global financial system. Apparently, according to a report released over the weekend, it was an old-fashioned banking crisis of misguided lending that triggered the turmoil engulfing most of Asia.

As in the blow-up of Latin American debt in the early 1980s, commercial banks in the industrialized countries were increasing their loans until the last minute.

Although the overall pace of bank-arranged syndicated loans slowed in the third quarter, the credits available to developing countries rose to a record $30.3 billion and funds extended to borrowers in Asia hit a high of $14 billion, the Bank for International Settlements said in its November quarterly report on international banking and financial-market developments.

In this context, credits are a commitment to lend. Although no figures are available as to whether the money was actually drawn in the third quarter — bank lending figures are only available through the second quarter, before the Thai crisis began in July — the fact that banks continued to extend credit indicates a certain disregard for the financial turmoil building in the region.

The report asks why the evidence of growing economic and financial imbalances in Southeast Asia was ignored for so long. And it cites, by way of explanation:

- The firm commitment by national authorities to preserve the external value of their domestic currencies.
- The process of market deregulation, which acted as an incentive to further capital inflows.
- The progressive broadening of the range of investors in a context of ample global liquidity.
- The lack of adequate consideration of actual foreign-exchange exposures.

The report also said the large exposure of Japanese banks — which at the end of 1996 accounted for 35 percent of international banking claims on Asia and for 53 percent of those on Thailand alone — "suggests broader repercussions" in propagating the crisis.

Given the "wide spectrum of actors and instruments" caught up in the turmoil, the Bank for International Settlements said, "it will be increasingly difficult for official financial assistance to insulate creditors and debtors from the adverse consequences of poor investment decisions."

One-third of the Asian lending cited by the BIS, which monitors international banking markets, was targeted at China, which was not affected by the regional turmoil, the study noted.

But Thailand received $2.3 billion in new credits during the third quarter. Loans to South Korea came to $2.3 billion, and those to Indonesia, $1.5 billion.

All three of those countries have had to turn to the International Monetary Fund for massive loans to avert financial disaster.

The figures on actual bank lending through the second quarter show that lending to Asia slowed by almost a third from the first quarter but, according to the report, remained "high by historical standards" at $15 billion.

This included an increase of $4 billion to South Korea and $2.8 billion to Indonesia.

Overall, South Korea is the largest debtor, with $117 billion owed to international banks at the end of the second quarter, followed by Thailand, with a debt of $99 billion, and China, with $87 billion.

For the first nine months of the year, the newly released November issue of Financial Market Trends published by the Organization for Economic Cooperation and Development showed that emerging-market countries accounted for 11.5 percent of total international borrowing, up from 7.8 percent in the like period a year earlier.

The bulk of this was money raised in the international bond market, with Latin countries taking $38.4 billion and Asian nations raising $21 billion.

Eastern Europe came in a distant third, with $1.9 billion in bond financing.

New International Bond Issues

Compiled by Charlotte Sector

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Ambroveneto Int'l Bank	$500	2008	0.85	99.275	—	Over 3-month Libor. Noncallable. Fees 1%. (Barclays de Zoete Wedd.)
BGB Finance	$100	1998	0.08	100.00	—	Below 1-month Libor. Noncallable. Fungible with outstanding issue, raising total amount to $400 million. Fees 0.03%. Denominations $100,000. (Banque Paribas.)
CADES	$500	1999	⅛	99.964	—	Below 3-month Libor. Noncallable. Fees 0.05%. (Deutsche Morgan Grenfell.)
Caisse Centrale du Credit Immobilier	$250	2004	0.05	99.66	—	Over 3-month Libor. Redeemable at par in 2002. Fungible with outstanding issue, raising total amount to $1 billion. Fees 0.10%. (Nomura Int'l.)
Parmalat Capital Finance	$100	perpt	2¼	100.00	—	Over 3-month Libor. Redeemable at par in 2017. Fees undisclosed. (Merrill Lynch Int'l.)
Sardinia	$460	2007	0.09	100.00	—	Over 6-month Libor. Average life 5.8 years. Fees 0.12%. (Chase Manhattan Int'l.)
Greece	DM250	2002	⅛	99.56	—	Over 3-month Libor. Noncallable. Fungible with outstanding issue, raising total amount to 1.5 billion marks. Fees 0.30%. (Dresdner Kleinwort Benson.)
Parmalat Capital Finance	ITL150	perpt	2¼	100.00	—	Over 3-month Libor. Redeemable at par in 2017. Fees undisclosed. (Merrill Lynch Int'l.)
Fixed-Coupons						
L-Finance	$500	2002	6	99.57	99.01	Noncallable. Fees 1⅜%. (Credit Suisse First Boston.)
DSL Bank	$300	2003	6	100.975	99.01	Reoffered at 99.35. Noncallable. Fees 1⅝%. (SBC Warburg.)
Telefonica de Espana	$500	2003	6	101.33	99.40	Reoffered at 99.73. Noncallable. Fees 1⅝%. (J.P. Morgan Int'l.)
World Bank	$200	2002	6	101.335	99.57	Reoffered at 99.71. Noncallable. Fungible with outstanding issue, raising total amount to $500 million. Fees 1⅝%. (SBC Warburg.)
Denmark	DM500	2003	5	101.387	99.65	Reoffered at 99.637. Noncallable. Fees 2%. (ABN-AMRO Hoare Govett.)
Eurofima	DM525	2009	5⅝	99.403	99.15	Noncallable. Fees 0.35%. (Commerzbank.)
CE Electric UK Funding	£200	2022	7¼	98.808	—	Noncallable. Fees 0.625%. (Credit Suisse First Boston.)
Parmalat Capital Finance	£100	perpt	9⅜	100.00	—	Redeemable at par in 2017. Fees undisclosed. (Merrill Lynch Int'l.)
PHF Securities	£100	2025	7⅞	99.591	—	Noncallable. Also a £50 tranche due 2027 at 100.03 paying 8⅛%. Fees 0.625%. Denominations £100,000. (Dresdner Kleinwort Benson.)
Dresdner Finance	ITL200,000	2008	7	101.64	99.67	Reoffered at 99.74. Interest will be a fixed 7% until 1999, thereafter 5.30%. Issue may be redenominated in euros after EMU. Fees 2%. (Banca Commerciale Italiana.)
Merrill Lynch	ITL100,000	2008	13	101.50	—	Noncallable. Interest will be a fixed 13% until 1998 then 8% until 2001, thereafter interest will be 15⅝% less twice the 12-month Libor. Fungible with outstanding issue, raising total amount to 300 billion lire. Fees 2%. (Cariplo.)
World Bank	ITL450,000	2010	12	101.425	99.50	Noncallable. Interest will be a fixed 12% until 1998, 7% until 2000, thereafter interest will be 15% less twice the 12-month Libor. Fees not available. (Banca Commerciale Italiana.)
Albert Heijn	DF300	2007	5⅝	101.735	100.26	Reoffered at 100.16. Noncallable. Fees 2%. (ABN-AMRO Hoare Govett.)
Bank Nederlandse Gemeenten	DF1,500	2008	5½	101⅛	99.00	Reoffered at 99.45. Noncallable. Fees 2%. (ABN-AMRO Hoare Govett.)
Deutsche Ausgleichsbank	DF200	2003	5¼	101.57	—	Reoffered at 99.97. Noncallable. Fees 1⅜%. (ABN-AMRO Hoare Govett.)
Dutch MBS 97	DF938	2007	—	—	—	Issue split into 4 tranches with coupons ranging from 4½ to 5⅞% priced between 99.424 and 99.893. Noncallable. Fees 0.50%. (Bear Stearns Int'l.)
Koninklijke Ahold	DF200	2005	5⅝	101.185	99.51	Reoffered at 99.61. Noncallable. Fees 2%. (ABN-AMRO Hoare Govett.)
ING Bank	DF250	2007	6	102.285	—	Reoffered at 100.71. Noncallable. Fees 2%. (ING Barings.)
Dexia France	ECU100	2004	5⅛	101.85	100.07	Noncallable. Fees 1⅜%. (Banque Internationale a Luxembourg.)
EBRD	SAR2,000	2028	zero	2.90	2.70	Yield 12.11%. Reoffered at 2.80. Nonallable. Proceeds 58 million rand. Fees 0.20%. (TD Securities.)
World Bank	SAR2,000	2028	zero	2.96	2.85	Yield 12.03%. Noncallable. Proceeds 59 million rand. Fees 0.25%. (Hambros Bank.)

The Week Ahead: World Economic Calendar, Dec. 8-12

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Beijing:** Fifth China International Environmental Protection Exhibition and Conference. Through Tuesday. **Manila:** University of Asia and the Pacific's year-end business and economic briefing. Through Tuesday. **Shanghai:** China Tax Conference. Through Tuesday.	**Luxembourg:** European Union heads of state and government meet. Friday and Saturday. **Madrid:** Labor Ministry expected to release November unemployment data; Bank of Spain expected to release money-supply data for November.	**Miami:** Caribbean/Latin American Action's conference on economic development and trade. **Montreal:** United Steelworkers of America union's national policy conference. Through Thursday. **New York:** PaineWebber's annual media conference. Through Friday.
Monday Dec. 8	**Bangkok:** Finance Ministry to announce the fates of 58 closed finance companies. **Taipei:** Trade data for November. **Tokyo:** Wholesale inflation data for November; industrial machinery orders data for October.	**Brussels:** EU foreign ministers and energy ministers to meet. **Madrid:** Final share price for Aceralia expected to be set, with trading to start Tuesday. **Earnings expected:** Celltech, CRT.	**Ottawa:** Industrial capacity utilization for third quarter. **Boston:** President Cathy Minehan of the Federal Reserve Bank of Boston speaks on the central bank's role. **Washington:** Weekly report on planting progress for seven crops.
Tuesday Dec. 9	**Tokyo:** Economic Planning Agency to issue monthly outlook on the economy and machinery orders data for October. **Wellington:** Job ads survey data for November; government financial statements for July to October.	**London:** Retail price index for November. **Nuremberg:** Unemployment data for November. **Stockholm:** Inflation data and forecast for state borrowing requirements.	**Buenos Aires:** Companies whose financial year ended Sept. 30 must report earnings. **Mexico City:** Inflation data for November; foreign reserves data. **Ottawa:** New-vehicle sales for October.
Wednesday Dec. 10	**Manila:** Unionbank begins selling new shares, and Bank of Communications begins rights issue for 6.5 million shares. **Sydney:** Housing finance data for October. **Tokyo:** Current account for October.	**London:** Economic trends data for December. **Oslo:** Consumer price data for November. **Rome:** Trade data with the EU for September and with the rest of the word for October.	**Ottawa:** New-housing price index for October. **Washington:** Wholesale trade data for October.
Thursday Dec. 11	**Sydney:** Labor force data for November. **Tokyo:** Finance Ministry to issue data on corporate profits in the July-September quarter. **Wellington:** Manufacturing sales for the July-September quarter.	**Brussels:** West European car registrations for November. **Helsinki:** Unemployment data. **Rome:** Industrial sales and orders for September. **Voorburg, Netherlands:** Industrial production data for October.	**Mexico City:** Revised trade balance for October. **Washington:** Retail sales for November.
Friday Dec. 12	**Tokyo:** Corporate bankruptcy data for November. **Annual meeting:** Esprit Holdings. **Earnings expected:** Fraser & Neave.	**Madrid:** Inflation data for November. **Rome:** Retail sales for September. **Voorburg:** Consumer price index for November. **Annual meeting:** MAN.	**Buenos Aires:** Companies whose first, second or third quarter ended Oct. 31 must report earnings. **Washington:** Producer price index for November.

Last Week's Markets

Stock Indexes

	Dec. 5	Nov. 28	% Ch'ge
United States			
DJ Indus.	8,149.13	7,823.13	+4.17
DJ Util.	258.89	258.64	+0.10
DJ Trans.	3,315.94	3,199.96	+3.62
S&P 100	473.53	459.10	+3.14
S&P 500	983.79	955.40	+2.97
S&P Ind	1,140.07	1,114.02	+2.34
NYSE Cp	514.31	499.10	+3.05
Nasdaq Cp	1,633.90	1,600.55	+2.08
Japan			
Nikkei 225	16,424.48	16,636.26	−1.27
Britain			
FTSE 100	5,176.00	4,831.80	+7.12
Canada			
TSE Indus.	6,723.20	6,513.40	+3.22
France			
CAC 40	2,910.09	2,859.19	+1.78
Germany			
DAX	4,170.08	3,949.14	+5.59
Hong Kong			
Hang Seng	11,527.60	10,526.92	+9.51
World			
MSCIP	943.28	924.54	+2.03

World Index from Morgan Stanley Capital Int'l Perspective.

Money Rates

	Dec. 5	Nov. 28
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5⅝	5 11/16
Japan		
Discount	0.50	0.50
Call money	0.41	0.34
3-month interbank	0.95	0.62
Britain		
Bank base rate	7¼	7¼
Call money	7⅝	7 9/16
3-month interbank	7 11/16	7 11/16
France		
Intervention rate	3.30	3.30
Call money	3⅜	3⅜
3-month interbank	3 9/16	3½
Germany		
Lombard	4.50	4.50
Call money	3.44	4.50
3-month interbank	3.75	3.75

Gold	Dec. 5	Nov. 28	% Ch'ge
London p.m. fix $	287.40	296.80	−3.17

Euromarts

Eurobond Yields

	Dec. 5	Nov. 28	Yr high	Yr low
U.S. $, long term	6.22	6.28	7.09	6.22
U.S. $, mdm term	6.14	6.18	6.84	6.09
U.S. $, short term	6.06	5.96	6.51	5.36
Pounds sterling	7.18	7.35	7.75	6.90
French francs	5.09	5.16	5.34	4.66
Italian lire	5.58	5.74	7.79	5.58
Danish kroner	5.52	5.61	5.93	5.26
Swedish kronor	5.80	5.71	5.80	4.82
ECUs, long term	5.83	5.92	6.42	5.76
ECUs, mdm term	5.35	5.47	5.59	4.76
Can. $	5.66	5.60	6.51	5.36
Aus. $	6.28	6.12	7.86	5.89
N.Z. $	7.58	7.43	8.39	6.96
Yen	1.24	1.31	2.15	1.24

Source: Luxembourg stock exchange.

Weekly Sales

Dec. 4

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	32.0	13.8	736.0	1,120.3
Convert.	—	—	—	273.8
FRNs	143.5	1,175.9	1,198.0	621.7
ECP	13,443.5	11,060.3	12,507.9	7,889.5
Total	13,619.0	12,250.0	14,441.9	9,905.3

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	20,231.5	21,866.0	75,716.1	32,450.0
Convert.	1,592.7	1,485.0	3,178.3	3,045.6
FRNs	20,362.5	13,081.5	45,465.0	10,244.0
ECP	19,560.4	16,891.1	36,003.5	36,068.1
Total	61,747.1	53,323.6	160,362.9	81,807.7

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5⅞	5⅞	5 15/16
Deutsche mark	3 11/16	3¾	3⅞
Pound sterling	7 9/16	7 11/16	7¾
French franc	3 9/16	3⅝	3 11/16
ECU	4 9/16	4½	4 9/16
Yen	¾	⅞	⅞

Sources: Lloyds Bank, Reuters.

صكذا من الأهل

Asia Has Rebounded Before; but Are the '90s Different?

By Nicholas D. Kristof
New York Times Service

TOKYO — Shattered by a financial crisis, Asians question whether their historic boom may be over. A top Japanese government official warns that his country's economy may "completely collapse."

The editor of Asia's leading business magazine is concerned that the crisis may "negate much of the hard work and progress of the past two decades." A young woman agonizes, "The question I ask myself is whether Japan can survive."

Asia in 1997?

No, that was Asia in 1974, after oil countries curbed exports and sent petroleum prices soaring to produce a global "oil shock." The shortages were particularly terrifying to many countries in Asia that depended totally on imported oil as the lifeblood of their economies.

The despair back then was nearly universal, yet in retrospect it looks ridiculous. Asia's best days were still ahead, and the region recovered quickly to register the fastest economic growth rates in the world.

That has been something of a pattern in Asia over the past 25 years. An unexpected crisis sets off profound anxieties that the party is over, and gloom spreads as countries focus on what seem insoluble challenges to their systems. Then, within a couple of years, they bounce back.

Will that happen again? Will Asia's tigers and tiger cubs come roaring back, more formidable than before?

"Everybody's asking, 'Is the Asian century over before it began?'" said John Neuffer, an analyst at a research institute in Tokyo. "I think the patient is in the hospital with the flu, but he'll bounce back. All these countries will be back in a couple of years."

That is a common though not universal conclusion among Asia analysts, and some think that the present crisis is in a perverse way the best thing that could happen to the region.

The idea is that if the crisis forces banks and markets to modernize so as to allocate capital more efficiently, then this trauma could be remembered as a boon to Asia.

"As these adjustments take place, each of these countries will have seized the opportunity to strengthen their economies in fundamental ways," Michel Camdessus, the managing director of the International Monetary Fund, said in a recent speech in Singapore.

"This leads me to agree with those in the region who see this crisis not as a blight on the future, but as a blessing in disguise. Indeed, after this period of adjustment, these economies will emerge stronger than ever."

The crisis has had some beneficial effects. Among the major problems in the region were speculative bubbles and unsustainable exchange rates and trade deficits, but the panic has obligingly pricked the bubbles and sent currencies plummeting to levels that will increase exports and reduce or eliminate the trade deficits.

Other challenges have been business secrecy and hidden accounts, crony capitalism that operates on connections rather than rules and bankers who pass out loans to their best buddies rather than the best borrowers. These days, pressure from the International Monetary Fund and from overseas investors is whittling away at these problems and encouraging more open and efficient markets.

Many, citing past shocks, say its economies will emerge stronger than ever. But skeptics cite the example of Japan's prolonged slump.

There are broad disagreements among economists about how long it will take for Asia to recover and how much spring there will be in the eventual bounce, but the consensus is that the long-run prospects look rosy if only the region can stagger through the short run.

"Asia has tremendous long-term growth prospects," said Jeffrey Sachs, the director of the Institute for International Development at Harvard University.

"Asia has some problems, but it also has a great many economic strengths, the kind that everyone saw two or three months ago," he added. "What we're really in the midst of right now is an extremely acute financial panic. A financial panic is a situation where everybody is running out the doors because everybody else is running out the doors."

One risk, as Mr. Sachs noted, is that the pessimism becomes self-fulfilling. A confidence crisis and correction, poorly managed, can become something more far-reaching, and that is one of the explanations for the Great Depression of the 1930s.

But Asia has had plenty of experience in gloom.

The oil shocks of 1973-74 and 1979 left the oil-importing countries of Asia fearful that their high-growth years were over. Countries such as Malaysia and Singapore sank into a trough and despaired in the mid-1980s.

The stiff rise by the currencies of Japan and Taiwan in the late 1980s seemed to herald the end of the export boom in those countries, and investors fled Hong Kong and China in panic after the crackdown in Tiananmen Square in 1989.

In retrospect, what those episodes underscored is how agile Asian economies are and how nimbly they can adjust to adversity. Each time, governments scrambled to mend their policies, businesses desperately pared their costs and fought for new markets, and the boom returned.

Based on those experiences, the current crisis might seem a tonic for the region, depreciating currencies so that exports can be sustained and forcing the development of sturdier capital markets and banks so that Asia can emerge stronger from its ordeal.

The problem is that there is another example drawn from the past, one far more sobering: Japan in the 1990s.

In the past, Japan had shown extraordinary resilience, but since 1990 it has lost air like a steadily deflating tire, as government officials stand about kicking the tire and forming committees to try to locate the puncture.

The optimists who bought Japanese stocks after they dipped in 1990, on the assumption that Asia always bounces back, made a big mistake.

So those in a pessimistic mood can argue that the parallel for Asia now is not its rapid recoveries from the oil shocks but rather Japan's stagnation of the past seven years.

Yoshihide Soeya, a scholar of international relations at Keio University in Tokyo, suggests that it may take longer for Asia to bounce back this time.

He says the past resiliency came in reaction to external shocks, while the current troubles — like those that have plagued Japan since 1990 — are in part a result of home-grown inefficiencies that will take longer to root out.

"This adjustment is destined to be a long-term process, involving a rethinking of Cold War assumptions and structures," he said. In the case of Japan, he and other scholars say, what is needed is nothing less than a "third revolution" comparable to the first two: the opening up of Japan in the 19th century and the national restructuring after World War II.

They speak of the need for a slimmer, less centralized, less interventionist government, for far-reaching deregulation, for schools that promote creativity as well as calculus, for venture capital and entrepreneurs, and for the "creative destruction" that comes from allowing banks and businesses to fail.

Some of this prescription also applies to other countries in Asia, particularly South Korea. But many analysts say that the Japanese comparison with the rest of Asia is not appropriate in that Japan is unique in the region as a mature industrialized country whose "catch-up" phase is over.

Another distinction is that in the case of Japan, there is a widespread feeling that the government is the essential problem.

Elsewhere in Asia, while there are complaints about governments, fundamentally most leaders adopted reasonably prudent fiscal and monetary policies, and the main worries are in the private sector.

That should make the adjustments easier, for the credit for the rapid recoveries after the oil and currency shocks goes mostly to the survival instinct of private business in Asia.

Some government action will still be needed this time to put insolvent banks out of their misery, to make labor more flexible and to open up markets to foreign goods and investment.

One essential question is whether Asia has changed structurally in ways that make governments and industry less able to act decisively than in the past.

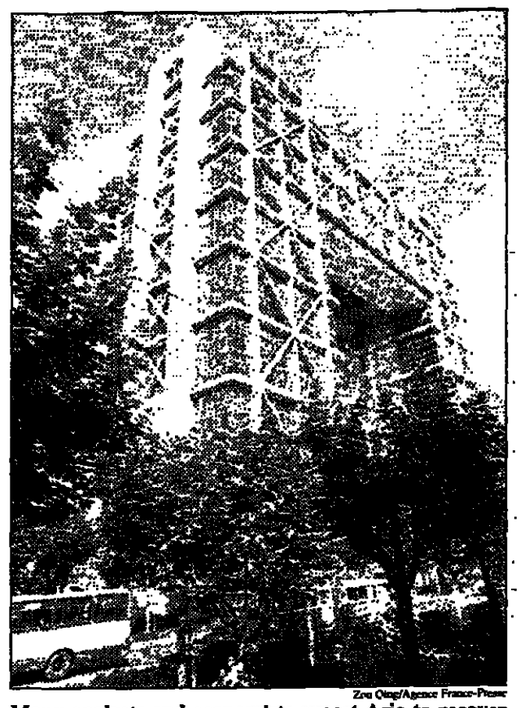
"Countries dealt with crises very decisively in the past because they were scared," said William Overholt, a managing director of Bankers Trust Co. "South Koreans were scared of North Koreans. Taiwan and Hong Kong were scared of China. Thailand was scared of Vietnam. The difference this time around is that they're not so scared anymore. The emphasis is on politics."

Michel Oksenberg, a scholar at Stanford University, says a broad political transition in Asia is complicating the region's economic response to crisis. Several Asian countries, he said, have been independent of former colonial rulers for only about half a century, and their first-generation leaders were the country's founders or independence leaders, who typically won their legitimacy as nationalists.

The second-generation leaders came from the military or the bureaucracy and won their authority by their economic performance.

Now the third generation, still establishing itself, is made up of democratic leaders who depend in part upon support from the voters.

"In many of these regimes, the transition has just been made, and you have politicians in power, and their ability to deal with a crisis is perhaps more constrained," he said.



Zou Qing/Agence France-Presse

Many analysts and economists expect Asia to recover from its current financial turmoil. New financial centers such as the Shanghai Stock Exchange in the Pudong New Area, above, could benefit as a result.

URBAN: *Thai Middle Class Makes Do With Less*

Continued from Page 15

was not too worried. "We committed to sending our son to an American boarding school a month before the baht devalued," he said. "It was at 25 baht per dollar, so at our most pessimistic, we thought it would hit 30.

"Unfortunately we didn't pay tuition until well after devaluation."

The currency recently reached a record low of 41 baht to the dollar.

Their son, Oat, 14, adores eighth grade at Hawaii Preparatory Academy, particularly kayaking and camping.

But the dollar cost of his education has gone up more than 30 percent and forced the postponement of plans for his brother Ed, 11, to go to school in the United States.

The fallen currency has required Thailand to cut back on government scholarship programs for foreign study and may force home some of the ten of thousands of students studying in the United States and elsewhere abroad. But the plight of Thailand's newly poor has not been completely ignored by those who catered to them before their fall. The Hilton Hotel's Davidoff cigar shop has set aside cheaper stock bought before the currency fell, for sale exclusively to Thai people. And many of Bangkok's luxury hotels offer discount rates to residents of Thailand.

'I had 180 employees last week; now we'll have 65.'

A room in the five-star Grand Hyatt Erawan, for example, costs $160 when booked from abroad but only about the equivalent of $100 when reserved in Thailand.

RURAL: *Farmers With Debt Fear Rising Costs*

Continued from Page 15

year than the 50,000 baht ($1,200) debt that is typically owed to the government bank. Loan sharks, at hefty interest rates, help the farmers bridge the seven-day interim before the bank extends the renewable annual loan.

Much of the borrowed money is spent on tractors, fuel and a yield-increasing cocktail of chemicals that helps Thailand grow the largest crop of export rice in the world. All these items are imported, so, with the 40 percent fall of the baht, their costs will increase dramatically for the January planting season.

Analysts dispute the extent to which the economic crisis will hurt farmers, but the rising cost of imports is already being felt in Bang Yai. Snail-killing solution, for example, which is applied twice per crop, now costs 200 baht per bottle, up 50 baht from before the fall of the currency, when rice crops were last planted.

"I have not yet bought anything at the new prices because I am waiting for the planting season," a rice farmer, Samai Sitonken, said. "But if fertilizers and chemicals cost more than the price of rice, I am going to Bangkok to protest. I just want things to be fair."

The increased baht price for rice will not be efficiently passed on to farmers at harvest time, said Day-Cha Siripatra, an organic farming activist and president of Technology for Rural and Ecological Enrichment.

Many farmers learned the ways of easy credit.

"Farmers don't export directly," he said, "and in Thailand there are so many middlemen that the farmers will not see the increased value of the rice."

But Ammar Siamwalla of the Thailand Development Research Institute said that while farmers would lose supplementary sources of income in the economic crisis, they stood to gain overall from the falling baht.

"The price of exports goes up at the same time as imports," Mr. Ammar said.

The greatest source of economic pain for farmers, he said, would be the loss of income sent home by relatives — now suddenly unemployed — in Bangkok.

Bangkok dominates Thailand's economy, and workers migrate there from all provinces of the country. Many of the workers are farmers who take on casual work at factories and construction sites or operate taxis during the off-season to supplement their income.

Several years ago Sathien Mangkhang, 31, a rice farmer, started leaving the five-hectare (12-acre) family farm between rice-planting seasons to earn extra money in Bangkok with his new motorcycle.

Mr. Sathien joined some friends who had a motorcycle taxi stand along the river near a busy express boat pier.

He earned as much as 15,000 baht a month taking passengers on his motorcycle through the capital's pollution- and traffic-choked streets.

For the past few months, however, things have not been so bright.

"Compared with last year, people don't take so many motorcycle taxis; they prefer the bus," Mr. Sathien said.

"Last month I earned around 9,000 baht. If my earnings fall to 5,000 baht, I cannot afford to stay in Bangkok."

Mahathir Endorses Austerity Plan

Reuters

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad gave his backing Sunday to the economic policy measures announced by his deputy last week to restore investor confidence and cool the economy.

"We have decided on these measures," Mr. Mahathir said.

They are necessary "to restore confidence in the economy," he said at a news conference at the end of the six-day Langkawi International Maritime and Aerospace exhibition.

Finance Minister Anwar Ibrahim said Friday that the government had slashed its growth forecast for 1998, tightened credit and cut spending across the board.

Economists had lauded the package of austerity measures but said they wanted Mr. Mahathir to endorse it.

"They have at least acknowledged the problems. Now the recovery would be faster than if they had continued to deny the problem," said Ng Bok Eng, senior economist at the Daiwa Institute of Research in Singapore.

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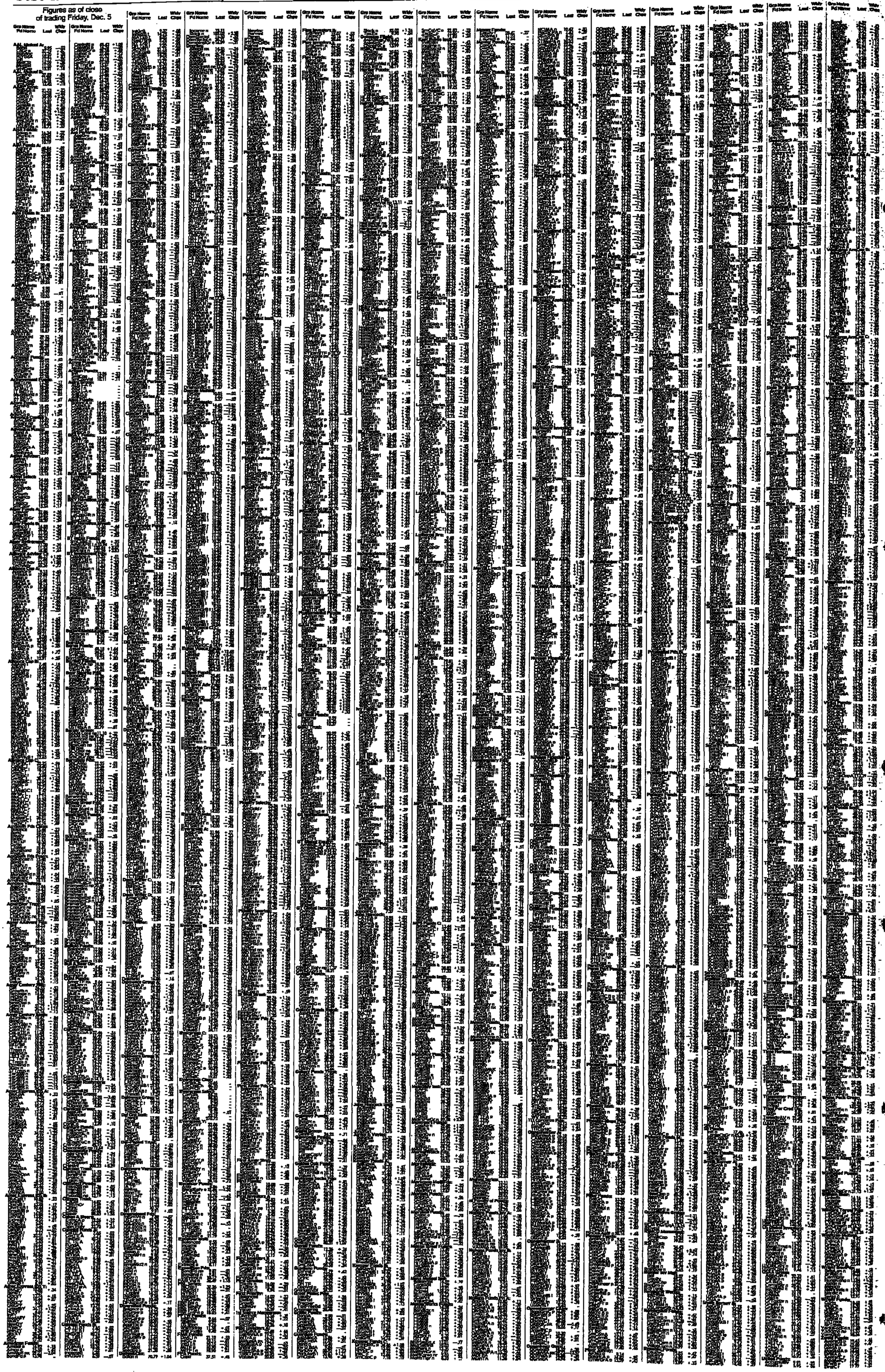
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U.S. MUTUAL FUNDS

Figures as of close of trading Friday, Dec. 5



Forecasters See a Dollar Surge in 1998, After a Year-End Lull

By Carl Gewirtz
International Herald Tribune

PARIS — For those who like life in the slow lane, the end of the year is coming just in time. The reluctance of traders to risk their year-end bonuses suggests that the dollar will slowly grind higher through the end of the year and then take off.

Feeding the caution is uncertainty about what Japan's Liberal Democratic Party will say Wednesday, when it is scheduled to spell out its long-awaited support package for the country's ailing banking sector. And next week, the government is to unveil its latest tax-reform proposals.

On the reform package, Mineko Saiki-Smith at Credit Suisse First Boston in Tokyo expects more drift — "enough public funds to prevent a collapse of the stock market, but not enough to quickly resolve the underlying problems."

The fudging, she added, will be aimed at not committing so much money as to risk signaling big problems still to come but not so little as to be ridiculed as unconvincing.

Given the government's long-standing reluctance to commit public money to rescue the banks, "the risk is high that it will continue to fiddle," said John Llewellyn at Lehman Brothers in London, even though "the time is past when it is appropriate to worry about the ethics of using public-sector money to bail out private banks."

Moreover, even if the details are disappointing, the weakness of the yen against the dollar is likely to be limited by fears of central-bank intervention.

Huge amounts of money were lost last spring when official suggestions of a possible change in interest rates drove the dollar down from 127 yen to 111 yen, and traders are wary that jawboning or actual intervention in the cash market with a small part of the $230 billion the Bank of Japan holds in reserves could temporarily stop the dollar's advance.

The dollar ended last week at a five-year high of 130.20 yen. Although analysts are reluctant to make forecasts about where it will end the year, there is widespread agreement that the currency will be trading at least at 135 yen in the first quarter of next year. Neil MacKinnon at Citibank, a self-declared "dollar bull," sees a move to 140 yen as "not too demanding."

For Mark Cliffe at HSBC Markets in London, a new danger looms if, as he fears, the cause for the yen's weakness shifts. Until now, he said, weakness in domestic markets has been driving Japanese institutions to invest abroad — in other words, the weak Japanese stock market weakness causing the currency to fall.

That could change, he said, if the currency's weakness causes a further loss of confidence and foreign investors, "who in the 1990s have been the only buyers," bail out of the Japanese stock market.

While the dollar has made most of the recent gains among major currencies against the yen, analysts expect the Deutsche mark to take over between now and year-end. The mark ended last week at 73.07 yen, up 2 percent over the past month, compared with a 5.8 percent gain for the dollar. "We'll see more action taking the mark to 78 yen," Mr. Cliffe forecast.

Also over the past month, the dollar has gained 3.7 percent against the mark, a move that will run into some resistance as the dollar threatens to rise above 1.80 DM. The dollar ended last week at a six-week high of 1.7826 DM, prompting some Bundesbank officials to comment on the undesirability of a surge in the dollar.

The Bundesbank effectively capped the dollar's rally in October by hinting that German short-term interest rates would have to rise ahead of the European monetary union planned for the end of next year, then backed away from such talk as the dollar retreated.

As a result, analysts at Deutsche Morgan Grenfell in London urge that investors remain "cautious of the risks associated with further Bundesbank rhetoric surrounding DM weakness."

Further, there is tremendous uncertainty about whether U.S. interest rates are headed up. Last week's stronger-than-expected employment data, signaling still-strong U.S. growth, raised expectations of a rate increase soon. But many analysts agree that until the market turmoil in Asia subsides and a clearer picture of the global damage emerges, the Federal Reserve Board is unlikely to raise U.S. rates.

Nevertheless, the dollar's interest-rate advantage over the mark and other core European currencies, and more substantially over the yen, will remain intact and, many analysts assert, will inevitably pull the currency higher.

Paul Chertkow at UBS in London sees a likely bounce to 1.85 DM. Ravi Bulchandani at Morgan Stanley expects the dollar to advance through next year to above 1.90 DM.

But the view at J.P. Morgan is that the dollar will have difficulty holding above 1.80 DM.

These differences are based on conflicting views over the level of German interest rates and whether, as Morgan Stanley argues, growth is poised to slow or whether, as J.P. Morgan sees it, German rates are set to rise more than is currently expected.

Positions Harden In EU Bank Feud

Bloomberg News

BRUSSELS — European Union politicians have clashed again over who should be head of the future European central bank, amid continued concern about political interference in EU monetary policy.

In interviews released Saturday, Finance Minister Dominique Strauss-Kahn of France said he was determined to support Jean-Claude Trichet, governor of the Bank of France, while Prime Minister Wim Kok of the Netherlands said he expected Germany to support Wim Duisenberg, a Dutch banker who heads the European Monetary Institute. The interviews are to appear Monday in the German magazine Der Spiegel.

Meanwhile, Yves-Thibault de Silguy, the EU's monetary affairs commissioner, told the Belgian newspaper L'Echo the decision was taking too long. "It isn't healthy to wait for the last moment, that is May 2, to nominate the candidate," he said.

Will Moscow's Gain Be a Loss for U.S. Investors?

By Edward Wyatt
New York Times Service

Lenin must be spinning in his tomb. The city of Moscow, once the capital of global communism, could soon be the parent of an American mutual fund.

And it is no ordinary mutual fund, at that. Lexington Troika Dialog Russia has been, for much of this year, the best performer among all U.S. mutual funds. Before Russia caught the contagion that swept from Asia to other emerging markets in October, the fund had gained more than 130 percent in 1997.

INVESTING

But the market turmoil of the past two months has slashed the fund's value by more than a third. Although Lexington Troika is still up 64 percent for the year, most shareholders have lost money because they bought their shares after the fund had run up most of its gains.

The turmoil extends to Troika Dialog Asset Management, part of the Moscow-based brokerage firm that co-manages the fund's portfolio along with Lexington Management Corp., a mutual-fund company based in New Jersey.

Troika Dialog is to be sold early next year to Bank of Moscow, whose majority owner is the municipal government of Russia's capital city. Shareholders of the Lexington Troika fund are scheduled to vote on one aspect of the transaction Dec. 19.

Why should investors care? The city is in the midst of privatizing hundreds of municipally owned enterprises. While such deals in Russia have been marked by cronyism, the U.S. regulators who oversee Lexington Troika can be expected to take a harsh stance on investments by the fund that are done at anything less than arm's length. If Russia is like the Wild West, the U.S. Securities and Exchange Commission can play the tough sheriff, even from afar. And there are the unanswered questions about the future involvement of the fund's founder, Peter Derby, who over seven years has built Troika Dialog into Russia's biggest brokerage firm.

Russia's capital could be buying a U.S. mutual fund.

He will not disclose what he is getting from the Bank of Moscow for selling, and he is noncommittal when asked what his continuing relationship with Troika Dialog and the fund will be.

But it is difficult to see how the fund's shareholders can win. To the extent that Mr. Derby distances himself from the fund, they will lose the benefits of his investing skills; to the extent that he remains involved, his motives will be transformed. As a merchant banker, he would profit by promoting investments to the fund, rather than by making the fund perform well for its shareholders.

For investors who bought shares of the Lexington Troika fund early, 1997 has been a successful year. But for the majority of shareholders, the recent upheaval offers a cautionary tale about the hazards of investing in emerging markets.

Recent drops in stock markets in Asia, South America and Eastern Europe show that the strategy of spreading assets across the globe in the hope that sovereign markets will act independently remains a theory at best.

Despite the global communications revolution that can instantly link an investor in Iowa with an executive in Irkutsk, there remain vast differences between West and East in securities regulations, accounting methods and the simple realities of doing honest business — differences that make investing in emerging markets far more risky than some fund companies would have investors believe.

"These issues get raised in emerging markets all the time," said Julie Allecta, a specialist in mutual-fund law at the San Francisco firm of Paul, Hastings, Janofsky & Walker and formerly a lawyer at the Securities and Exchange Commission. "But they seem to exist in Russia to an inordinate degree. In a place like Moscow or Russia, where cronyism is vital, the issues become much more substantial."

Few entrepreneurs, if any, have been more successful in negotiating a path through Russia's fledgling securities business than Mr. Derby, 37, who moved to Moscow in 1990. He has since created a one-man financial conglomerate comprising Dialog Bank, a commercial bank; Development & Restructuring Bank, a merchant bank; a related insurance company; Troika Dialog, the brokerage and investment banking firm, and its subsidiary that is co-manager of the fund.

Yet some participants in the close-knit Moscow brokerage community are still shaking their heads in wonder at Mr. Derby's decision in July to sell a portion of Troika Dialog — which, given the explosion of underwriting business in Russia, is one of his most attractive businesses.

At a Russian investment conference recently in New York, several people expressed surprise when informed of Mr. Derby's sale of the remainder of Troika Dialog in the pending deal, which was disclosed only when the Lexington Troika fund filed a proxy statement in the United States last month.

To some rivals, his decision to choose the Bank of Moscow over a foreign partner is the deal's most curious aspect.

The bank's most promising asset is its link with the city of Moscow, which is essentially the realm of Mayor Yuri Luzhkov. Executives in the Russian securities industry say a relationship with the mayor is as important to getting business as any link with a foreign partner.

One executive, who spoke on condition of anonymity, likened Mr. Luzhkov's influence to the power wielded in the 1950s and 1960s by Chicago's legendary mayor, the late Richard Daley. "Like Daley, Luzhkov has got his fingers in a lot of pies," the executive said.

Mr. Luzhkov was traveling and could not be reached for comment. But Mr. Derby said of him: "Troika Dialog's bonesty and integrity are its main assets, as he sees it. He wants to make sure the firm grows properly."

Moscow's mayor is not likely to be picking stocks for the fund. But the fund's managers clearly hope to benefit from its new ties. "The bank's relationship with the city of Moscow places Troika Dialog in an excellent investment-banking position for the companies yet to be privatized by the city of Moscow," the Lexington Troika fund's latest proxy statement says.

"That's troublesome," Ms. Allecta, the lawyer, said. "They seem to be saying they have access to inside information, that they can manipulate the market because they can control the timing of certain entities being privatized."



Marilynn K. Yee/The New York Times

Gavin Rankin, left, is the head stock-picker for the fund that is due to be sold to Bank of Moscow, and Richard Hisey oversees its broad strategy.

Some Mutual Funds Ask Investors to Sit Still

By Carole Gould
New York Times Service

Mutual-fund shareholders who frequently jump in and out of funds do not do themselves or their fellow shareholders any good, a recent study found. Constant trading increases the costs of a fund, it said, and that means lower returns all around.

Tiring of these fickle shareholders, funds are starting to devise ways to handcuff them.

Noting that its funds are meant to be long-term investments, Dreyfus Corp. has announced policies, to take effect Jan. 15, aimed at discouraging excessive trading.

The new rules will apply to investors who make more than four exchanges of mutual funds in a calendar year or whose trading smacks of market-timing — that is, if it disrupts the management of a portfolio and ultimately affects the fund's performance, Dreyfus said.

In these cases, Dreyfus is reserving the right to keep investors from making subsequent fund exchanges; to reject any purchase or exchange request, or to prohibit purchases of other Dreyfus funds. It also might delay forwarding a sale's proceeds for as long as seven days.

In addition, Dreyfus is aiming to minimize portfolio disruptions during a severe market correction by suspending the exchange privilege or treating exchanges as separate sale and purchase requests. In such a case, a purchase could be delayed until the next day or later.

Firms Devise Barriers To 'Excessive' Trading

Fidelity Investment Co., a unit of FMR Corp., also reserves the right to rein in frequent traders. Like Dreyfus, it may temporarily or permanently revoke exchange privileges of investors who make more than four exchanges out of a fund in a calendar year.

Such recriminations are within mutual-fund rules as long as they are properly disclosed to investors, said John Heine, a spokesman for the Securities and Exchange Commission.

Still, the fund industry is not rushing to follow these leaders, said Laura Lallos, a senior analyst at Morningstar Inc., a mutual-fund research concern.

"It's difficult to do without antagonizing shareholders," she said.

But, like castor oil, penalties would actually be good for investors, a recent study by Ms. Lallos found.

"Unstable cash flows can put a significant dent in returns," she wrote in Morningstar Mutual Funds, the firm's newsletter. To figure the cost of investor fickleness, Ms. Lallos compared rates of return based on actual cash flows with theoretical results from dollar-cost averaging.

She found that over three years, stock-fund investors earned 0.8 of a percentage point less in annual returns than they would have if all their investments had been made monthly, in set amounts.

In general, the earnings shortfalls were largest for riskier growth funds. Ms. Lallos surmised that investors in such funds were more likely to sell on the way down and jump back in when an upswing was well under way.

Small-capitalization growth investors lost three percentage points in annual returns from frequent trading in their funds, according to the study, while those in mid-capitalization growth funds lost 1.24 percentage points and those in large growth funds lost nearly 0.9 of a percentage point.

Ms. Lallos says risky small-capitalization growth and emerging-markets funds should levy fees, payable to the fund instead of to the fund's sponsor, on investors who cash out their shares less than five years after buying them.

That way, "shareholders who stick around are compensated by those who opt out," she wrote.

SHORT COVER

Renault Warns Paris on Toyota Aid

TOKYO (Bloomberg) — The chief executive of the French carmaker Renault, Louis Schweitzer, has warned the French government against giving excessive subsidies to Toyota Motor Corp., which is considering building an auto plant in France.

Hiroshi Okuda, president of the Japanese automaker, is to meet with President Jacques Chirac on Monday ahead of an expected announcement on the site of the factory. News reports have said that Valenciennes, in northern France, will be the site. Toyota has declined to comment.

"I have a concern that one does not give Toyota undeserved advantages compared with its competitors," Mr. Schweitzer said over the weekend on French radio.

DFS Expected to Bid for Barney's

NEW YORK (NYT) — DFS Group, the world's largest chain of duty-free shops, is preparing to make a bid for Barney's Inc., the bankrupt New York luxury retailer, according to executives involved in the negotiations.

An offer, should one materialize, would come on the heels of strong sales and better cost controls at Barney's. Dickson Concepts Inc. of Hong Kong offered in August to buy Barney's for $205 million and a 49 percent equity stake. The retailer's creditor committee rejected the bid as inadequate.

Hoechst to Shed Chemicals Units

FRANKFURT (Bloomberg) — Hoechst AG is trying to sell all of its chemicals and synthetic-materials operations in the next two or three years and cut staff.

The sales would be followed by acquisitions in the pharmaceuticals and biotechnology areas, in line with the plans of the chief executive, Juergen Dormann, to turn Hoechst into a life-science business concentrating on pharmaceuticals and biotechnology, a spokesman said over the weekend.

He added that Hoechst, which employs 140,000 people, probably would seek to reduce its work force to fewer than 100,000.

For the Record

Sumitomo Bank Ltd. and **Societe Generale** will buy a **Yamaichi Securities Co.** money-management subsidiary, a newspaper reported, without citing sources. *(Bloomberg)*

Sumitomo Bank is considering selling **Sumitomo Bank of California**, the fifth-largest California bank. *(Bloomberg)*

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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, Dec. 5

Continued on Page 21

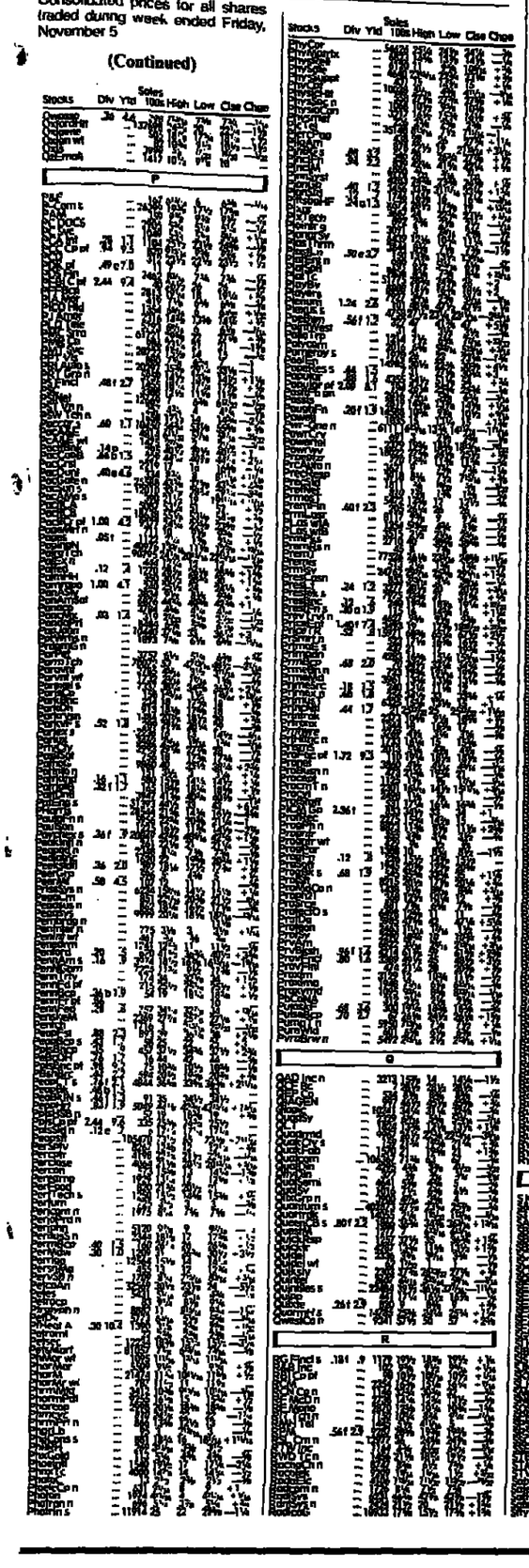
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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, November 5

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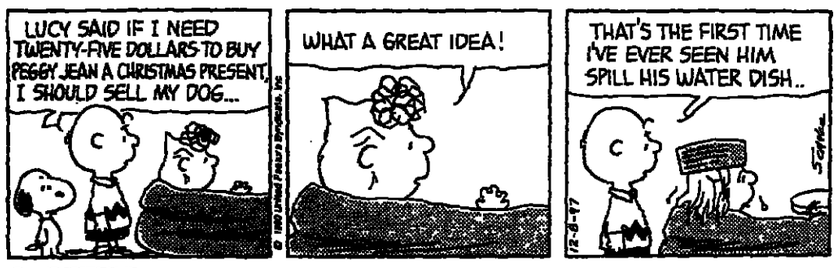


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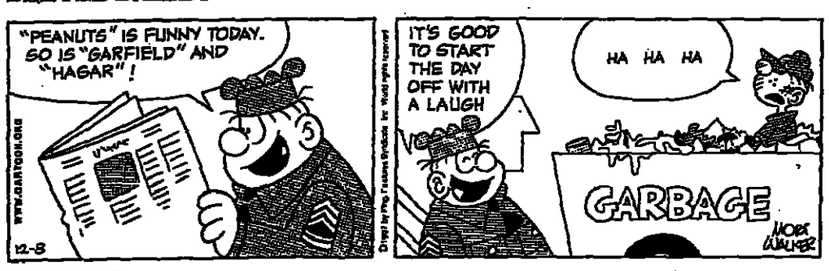
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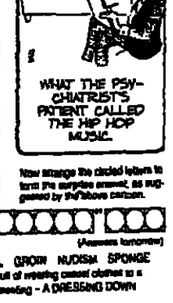
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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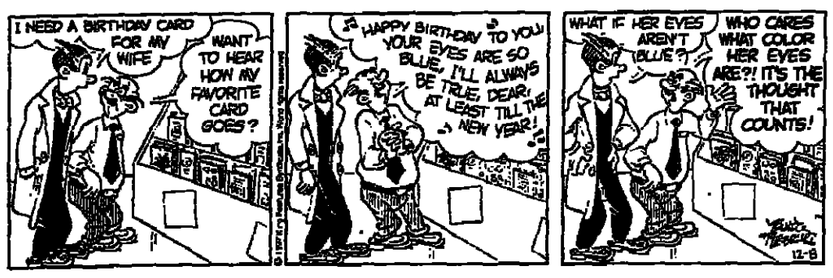
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: "○○○○○○" ○○○

(Answers tomorrow)

Saturday's Jumbles: DRAWL GROW NUDISM SPONGE
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JAPAN	¥	26,000	12,150	53%
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SPORTS

De la Hoya Keeps His Title; Rival Loses His

Reuters

ATLANTIC CITY, New Jersey — Oscar de la Hoya survived a night of upsets at the Atlantic City Convention Center by pummeling Wilfredo Rivera to retain his World Boxing Council welterweight title.

"I thought this was like the house of upsets," said the popular de la Hoya, who improved his record to 27-0 on Saturday after a pair of champions lost their titles on the undercard.

De la Hoya had turned the Puerto Rican challenger's face into a lumpy and bloody mess when the referee Joe Cortez asked the ringside doctor, Howard Taylor, for a consultation.

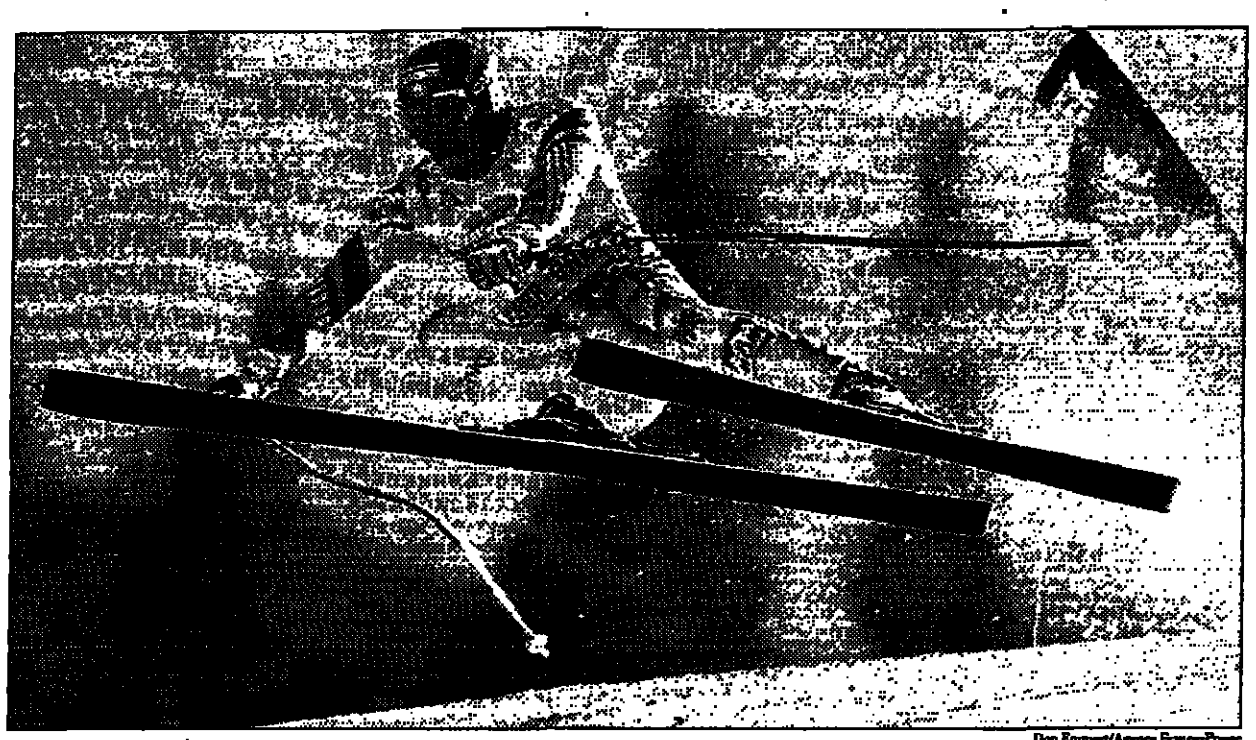
Dr. Taylor saw blood streaming from cuts around both of Rivera's eyes and advised Cortez to stop the punishment at 2:48 of the eighth round.

"When a fighter sees blood, they go for it," de la Hoya said of Rivera's blood-smeared face. "I got excited but I calmed down and thought that the KO would come."

The card was intended to showcase de la Hoya and the WBC super welterweight champion Terry Norris ahead of a planned showdown early next year.

But Norris was stunned by an unheralded fellow American, Keith Mullings, who knocked the champion down in the eighth round and took his title when the fight was stopped at 51 seconds of the ninth.

In the card's first championship fight, Yory Boy Campas of Mexico upset Raul Marquez of the United States to seize his International Boxing Federation junior middleweight title.



Don Emmert/Agence France-Presse

Hermann Maier sailing past a gate on his way to winning the Super-G race in Beaver Creek, Colorado.

Austrian Dilemma: Too Much Success

By Amy Shipley
Washington Post Service

BEAVER CREEK, Colorado — After Stefan Eberharter finished in second place in the World Cup Super-G, less than four-tenths of a second behind the Austrian team's star, Hermann Maier, it seemed sensible to ask Eberharter about his chances for this winter's Olympics in Nagano, Japan.

The subject, however, drew a look of

WORLD CUP SKIING

alarm from Eberharter, as he stood among teammates in the finish area.

"I don't want to talk about qualifying for the Olympics," he said. "That's a horror for us."

The horror is a result of the dominating and daunting success of the Austrian skiers, who swept the first four places in the season-opening Super-G at the new Birds of Prey course here Saturday.

The Austrians also dominated the events Thursday and Friday. In the first three days of this season's World Cup, the Austrian men's team took 22 of the top 35 places. In the downhill race Friday, they swept the top five places.

On Saturday, Maier, the overall World Cup points leader, finished in 1 minute 16.20 seconds, and Eberharter followed in 1:16.56. Two other Austrians, Hans Knaus and Josef Strobl, were next.

The Austrians are so competitive that top skiers are routinely left watching World Cup events because they cannot make the team. In the Olympics, Austria has only four spots in each event.

Andreas Shifferer, who won Friday's downhill but did not finish Saturday's race, joked that Austrian coaches will play cards to determine the Olympic team. There is no formal selection process.

"We have to be constantly fast the whole winter," Knaus said. "If in the last two or three races before the Olympics you are very slow, you will fall out and can't go to the Olympics. It's very, very hard."

Austria has won eight straight Nation's Cup titles, awarded to the country with the highest World Cup point totals compiled by the men's and women's teams.

Last year, nine Austrian skiers won 16 of the 37 World Cup races. France got six World Cup victories from Luc Alphand, the overall champion. Four Norwegians won five individual titles and two Swiss skiers won five between them.

The Austrian team's problem is getting any one skier enough races and victories to win the coveted World Cup overall title. No Austrian has done that since 1970.

"There are five or six guys sitting at home who could win a gold medal," said Christian Mayer, who did not finish Saturday. "Especially for young skiers, it's very hard. I tell them to look for a new job."

■ **Seizinger Wins 3 Straight Races**

Katja Seizinger won her third straight race at Lake Louise in Alberta, Canada, on Saturday — this time a Super-G event — after victories on Thursday and Friday in separate downhill events, The Associated Press reported.

She skied the rock-hard 6,294-yard (57-meter), 31-gate Super-G course in 1 minute, 14.71 seconds. Her German teammate Hilde Gerg was second in 1:15.04, and Isolde Kostner of Italy was third at 1:15.09.

In all, Seizinger has won three downhill and three Super-G events at Lake Louise.

She has four victories after just two weeks of competition to take a commanding early-season lead atop the overall women's standings.

Cyclist Misses His Dinner

Training Camp Comes First for Rising Star

By Samuel Abt
International Herald Tribune

PARIS — Where Bobby Julich wanted to be this weekend was Vail, Colorado, where the U.S. bicycling crowd was having its annual awards banquet and where he was going to be honored as North American rider of the year.

"For the first time in my career, I've been nominated for an award," he said, "invited to go, all expenses paid, it's 45 minutes from where I grew up, all my friends and family are still there.

"I've been in this sport a long time," he continued. "A lot of people have helped me. If you get to accept an award, you can't name every single name of people who have helped you, but being at that dinner I would have been able to shake hands with them. To be honored before all those people. ..."

The sentence trailed off. He looked up, a little jet-lagged, from his cup of coffee.

Bobby Julich was speaking at Terminal 2D at Roissy-Charles de Gaulle Airport outside Paris, where he was waiting for his flight to Bordeaux. He had arrived by plane a few hours before from his new home in Philadelphia and was heading to a five-day training camp with the Cofidis racing team, based in France.

The team will have 22 riders next season, and the camp was broken into two parts of 11 riders each, with overlapping days over the weekend for publicity photographs and a chance to meet new teammates.

For Cofidis, which was a first-year term this season, there will be a lot of new faces. Most prominently gone are Lance Armstrong, the American star, who will make his comeback from testicular cancer with the U.S. Postal Service team, and Tony Rominger, the Swiss star, who has retired and will become a public relations spokesman for the team.

Gone also is Cyrille Guimard, the *directeur sportif*, who is facing criminal charges in another bicycle matter. Cofidis, which guarantees credit to consumers, thought it better not to have a coach accused of fraud.

The most prominent newcomers are Francesco Casagrande, an Italian who was sixth in this year's Tour de France, and — in a manner of speaking — Julich himself. He started this year for Cofidis as just another face, a low-paid *domestique*, or worker bee, and rode so strongly in the Tour de France — finishing 17th and excelling in the last of its three weeks — that to many he now ranks as a co-leader with Casegrande.

Co-leaders do not skip training camp, of course, not even to receive an award they yearn for.

"I'm disappointed," Julich said softly, tearing at a raisin bun. "But there was nothing I could do. No way I can skip the camp.

"I would have liked to be there," he said of the Korbel Night of Champions in Vail. "To shake hands and say 'Thank you' to the people who have helped me.

"It's that one night when everyone in cycling is there and it's fabulous if you've won that award, especially to be associated with the guys who have won that award in the past."

He ran down the list since 1989, when the awards were begun: among others, Greg LeMond, Andy Hampsten and Armstrong, the cream of American bicycle racers. Armstrong, now 26 like Julich, has won the award three times.

"Lance has always been Lance," said Julich, his longtime teammate on U.S. national squads, Motorola and Cofidis. "He's just so massively strong, a superman. With me, I think I've had to work a lot more for what I've accomplished — nothing compared to what Lance has, but I'm starting to."

His start began more than a year ago, when he finished ninth in the esteemed Vuelta a Espana and wore the leading climber's jersey for half the race. Until then Julich had been a young and overlooked rider with Motorola, a racer so dogged by bad luck that he had to spend 1993 as an independent when his team folded and he could not land another job.

Those were bad times for a rider who finished fifth in the 1991 Tour DuPont at age 19 and seemed to have a shining future. Two years at Motorola added nothing to his reputation until the Vuelta and an 11th place a month later in the world championship road race.

Cofidis, just starting in the sport, took him aboard at a minimum salary. Although this year does not quite rank as a breakout season, he began to show his potential: victory in the minor Tour de l'Ain, two stage victories in the Route du Sud and then his impressive performance in the mountains of the Tour and a splendid fourth place in the final time trial.

Suddenly, teams were calling him. After talking primarily with Telekom and U.S. Postal Service, Julich decided to sign for two more years with Cofidis, which raised his salary considerably and assigned him a leading role.

"It's always fun to be the dark horse or come out of nowhere and perform," Julich said as the airport loudspeaker announced his flight to Bordeaux. "It's going to be totally different to be expected to perform well.

"That's how world champions are born: When you're expected to come through with the goods, you do. Nobody was better at that than Lance. When the pressure was on, he was ready. That's what I've got to do — take it up another level. I'm comfortable with that."

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

ATLANTIC DIVISION	W	L	Pct	GB
Miami	12	5	.706	—
Orlando	13	7	.650	½
New Jersey	11	7	.611	1½
New York	11	7	.611	1½
Washington	8	11	.421	5
Boston	7	11	.389	5½
Philadelphia	4	11	.267	7
CENTRAL DIVISION				
Atlanta	15	3	.833	—
Cleveland	11	6	.647	3½
Indiana	10	6	.625	4
Chicago	11	7	.611	4
Charlotte	10	7	.588	4½
Milwaukee	10	8	.556	5
Detroit	7	12	.368	8½
Toronto	1	17	.056	14

WESTERN CONFERENCE

MIDWEST DIVISION	W	L	Pct	GB
Houston	11	5	.688	—
Utah	11	7	.611	1
San Antonio	10	9	.526	2½
Minnesota	8	10	.444	4
Vancouver	7	13	.350	6
Dallas	5	13	.278	7
Denver	1	15	.063	10
PACIFIC DIVISION				
L.A. Lakers	15	2	.882	—
Seattle	15	4	.789	1
Phoenix	11	4	.733	3
Portland	11	6	.647	4
Sacramento	5	14	.263	11
L.A. Clippers	3	15	.167	12½
Golden State	2	14	.125	12½

FRIDAY'S RESULTS

Philadelphia 16 24 26 22— 88
New Jersey 40 21 22 23—107
P: Thomas 6-8 3-5 16, Cummings 7-14 2-2 16; N.J.: Gill 8-14 6-6 24, J.Williams 8-11 4-5 20. Rebounds—Philadelphia 49 (Cummings 11), New Jersey 43 (J.Williams 11). Assists—Philadelphia 14 (Jackson 5), New Jersey 30 (Cassell 12).

Boston 24 17 28 28— 97
Miami 29 30 32 26—117
B: Walker 11-26 4-10 26, McCarty 3-10 10-11 17; M: Strickland 7-10 6-6 20, Mashburn 6-12 6-6 18, Hardaway 6-12 6-6 18. Rebounds—Boston 60 (Walker 12), Miami 59 (Brown 12). Assists—Boston 16 (McCarty 4), Miami 29 (Hardaway 10).

Seattle 31 27 17 19— 94
Detroit 23 23 22 21— 89
S: Baker 12-22 7-11 31, Payton 6-17 3-4 17; D: Hill 10-23 7-8 27, B.Williams 11-17 4-5 26. Rebounds—Seattle 57 (Schrempf 12), Detroit 56 (B.Williams 20). Assists—Seattle 20 (Payton 9), Detroit 19 (Hill 8).

Sacramento 25 22 19 24— 90
Minnesota 27 22 21 31—101
S: Richmond 11-25 7-8 29, Abdul-Rauf 9-17 0-0 18; M: Marbury 9-15 4-6 22, Garnett 8-10 2-2 18. Rebounds—Sacramento 44 (Polynice 11), Minnesota 47 (Garnett 12). Assists—Sacramento 20 (Johnson 6), Minnesota 19 (Gugliotta 7).

Utah 23 13 25 16— 77
Portland 25 23 27 19— 94
U: Malone 9-18 6-9 24, Hornacek 4-12 8-9 18; P: Grant 5-10 5-6 15, Sabonis 4-8 4-4 13, Williams 6-9 1-3 13. Rebounds—Utah 46 (Malone 12), Portland 50 (Grant 9). Assists—Utah 21 (Hornacek 8), Portland 20 (Sabonis, Rider 4).

Milwaukee 14 22 9 17— 62
Chicago 27 12 21 24— 84
M: Gilliam 7-11 4-6 18, Pierce 3-6 6-7 12; C: Kukoc 8-12 3-5 19, Longley 7-17 2-3 16. Rebounds—Milwaukee 52 (Gilliam 13), Chicago 71 (Rodman 14). Assists—Milwaukee 12 (Robinson 3), Chicago 26 (Rodman 5).

Indiana 23 20 26 27— 96
Denver 22 26 18 19— 85
I: Smits 10-17 4-5 24, Miller 5-12 9-11 19; D: B.Jackson 8-12 4-5 22, Washington 6-13 0-0 13. Rebounds—Indiana 51 (M.Jackson 7), Denver 58 (Garrett 10). Assists—Indiana 19 (M.Jackson 10), Denver 17 (B.Jackson, Ellis 5).

Toronto 21 22 27 21— 91
Phoenix 32 18 28 32—110
T: Wallace 9-16 2-4 20, Stoudamire 7-16 1-1 15; P: McDyess 6-9 7-7 19, Robinson 6-11 5-8 17. Rebounds—Toronto 41 (Miller 9), Phoenix 43 (Manning 7). Assists—Toronto 15 (Stoudamire 4), Phoenix 35 (Kidd 14).

Cleveland 27 24 34 22—107
Vancouver 26 26 31 15— 98
C: Person 11-16 1-1 30, Kemp 11-22 3-5 25; V: Abdur-Rahim 8-17 11-13 27, Edwards 6-14 3-4 16. Rebounds—Cleveland 59 (Ilgauskas), Vancouver 50 (Thorpe 11). Assists—Cleveland 22 (Knight 10), Vancouver 20 (Reeves 7).

San Antonio 17 26 22 23— 88
L.A. Lakers 24 21 29 24— 98
S.A.: Robinson 6-12 7-7 19, Duncan 8-13 2-3 18; L.A. Lakers: Van Exel 7-16 7-7 25, Campbell 7-19 7-8 21. Rebounds—San Antonio 48 (Robinson 10), Los Angeles 47 (Blount 10). Assists—San Antonio 18 (Johnson, Alexander 4), Los Angeles 23 (Van Exel 6).

Orlando 18 29 21 21— 89
Golden State 28 28 23 25—104
O: Seikaly 10-18 9-13 29, Wilkins 5-14 0-0 12; G.S.: Marshall 11-20 4-5 28, Smith 10-21 4-5 24. Rebounds—Orlando 49 (Seikaly 11), Golden State 60 (Marshall, Dampier 11). Assists—Orlando 17 (Wilkins, Armstrong 4), Golden State 32 (Bogues 8).

SATURDAY'S RESULTS

Charlotte 21 23 17 18— 79
New York 24 28 17 21— 90
C: Mason 6-12 4-7 16, Rice 3-13 9-11 15; N.Y.: Starks 8-16 8-9 27, Ewing 5-14 7-10 17. Rebounds—Charlotte 41 (Mason 14), New York 60 (Oakley 11). Assists—Charlotte 14 (Wesley 5), New York 24 (Ward, Starks 6).

Minnesota 27 24 26 26—103
Washington 22 27 26 38—114
M: Marbury 11-20 4-5 27, Gugliotta 7-11 10-11 24; W: Webber 11-19 9-10 33, Howard 9-15 8-10 26. Rebounds—Minnesota 46 (Gugliotta 11), Washington 42 (Webber 12). Assists—Minnesota 18 (Marbury 7), Washington 26 (Strickland 10).

Houston 26 28 24 30—108
Dallas 29 24 25 28—106
H: Barkley 6-13 7-11 19, Willis 5-10 7-7 17, Drexler 6-17 5-7 17; D: Finley 10-19 11-12 35, Strickland 6-15 5-5 19. Rebounds—Houston 57 (Barkley 17), Dallas 49 (Finley 7). Assists—H. 22 (Barkley 6), D. 13 (Finley 6).

Orlando 26 13 26 18— 83
L.A. Clippers 24 20 21 14— 79
O: Grant 10-19 5-5 25, Wilkins 9-16 0-2 21; L.A. CLIPPERS: Piatkowski 5-11 2-2 15, Murray 5-11 3-4 14. Rebounds—Orlando 53 (Schayes 11), Los Angeles 52 (Murray 9). Assists—Orlando 21 (Price 9), Los Angeles 16 (Piatkowski, Richardson 4).

Major College Scores

Duke 103, Virginia 59
North Carolina 78, Virginia Tech 57
Arizona 88, Texas 81
South Carolina 67, Chattanooga 55
Purdue (6-2) beat Louisville 87-69
Kentucky (6-1) beat Indiana 75-72
Xavier 93, Western Kentucky 60
Weber State 81, Iowa 56
Utah 62, 24 Wake Forest 53
Stanford 76, Georgia 74
Ball State 70, Mississippi 66
UCLA 69, New Mexico 58
Clemson 71, Furman 62
Arkansas 75, Missouri 46
Florida State 74, Jacksonville 44
Temple 59, Wisconsin 49
Georgia Tech 84, Delaware State 63
Princeton 73, Lafayette 48

TOURNAMENTS WINNERS

AMERITAS CLASSIC
Nebraska 85, Grambling St. 48
CYCLONE CHALLENGE
Iowa St. 77, Coppin St. 74, OT
FIRST BANK CLASSIC
Marquette 68, St. Bonaventure 61
FIRST MERCHANTS BANK/CVC CLASSIC
Ball St. 70, Mississippi 66
PIZZA HUT CLASSIC
SW Missouri St. 86, Bowling Green 71
SUPER CHEVY SHOOTOUT
Iowa 81, Weber St. 56
TCBY HOLIDAY TOURNAMENT
Southern Miss. 68, Ark.-Little Rock 57
THE JAMFEST
Colorado St. 74, E. Washington 65
TOM ROBERSON CLASSIC
Jacksonville St. 62, Thomas, Ga. 49
USF INVITATIONAL
San Francisco 64, Richmond 60

ICE HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION	W	L	T	Pts	GF	GA
New Jersey	19	9	0	38	82	51
Philadelphia	15	9	6	36	84	70
Washington	15	10	4	34	86	75
N.Y. Islanders	12	13	4	28	79	79
N.Y. Rangers	8	12	11	27	80	86
Florida	8	15	5	21	65	83
Tampa Bay	5	19	4	14	54	95
NORTHEAST DIVISION						
Pittsburgh	16	10	5	37	88	77
Montreal	16	10	4	36	90	71
Boston	13	12	5	31	74	79
Ottawa	13	13	4	30	78	72
Carolina	12	14	5	29	83	86
Buffalo	9	13	6	24	72	77

WESTERN CONFERENCE

CENTRAL DIVISION	W	L	T	Pts	GF	GA
Dallas	20	7	4	44	103	67
Detroit	18	7	5	41	98	69
St. Louis	18	9	3	39	89	68
Phoenix	13	13	3	29	79	81
Chicago	10	14	4	24	60	71
Toronto	9	14	4	22	60	76
PACIFIC DIVISION						
Colorado	16	6	8	40	92	75
Los Angeles	12	12	5	29	89	83
Anaheim	11	14	6	28	70	88
Edmonton	9	15	6	24	70	91
San Jose	10	18	2	22	76	93
Vancouver	9	16	4	22	83	99
Calgary	6	18	7	19	77	99

FRIDAY'S RESULTS

Florida 1 0 1 0—2
Washington 0 1 1 1—3
First Period: F-Washburn 4 (Laus, Warrener) Second Period: Washington, Zednik 8 (Konowalchuk, Bulis) Third Period: Washington, Simon 7 (Juneau, Housley) (pp). 4, F-Svehla 3 (Sheppard, Whitney) (pp). Overtime: 5, Washington, Toms 3. Shots on goal: F- 11-7-8-2—28. W- 2-12-10-6—30. Goalies: F-Vanbiesbrouck. W-Kolzig.

Tampa Bay 0 0 0—0
Buffalo 2 1 1—4
First Period: B-Wilson 1 (Satan) 2, B-Woolley 1 (Burridge, Barnaby) Second Period: Buffalo, Satan 12 (Burridge, Wilson) Third Period: B-Boughner 1 (Woolley) Shots on goal: Tampa Bay 11-11-16—38. B- 5-8-5—18. Goalies: T-Puppa. Schwab. B-Hasek.

Philadelphia 2 2 0 0—4
N.Y. Rangers 1 2 1 0—4
First Period: Philadelphia, Brind'Amour 12 (Klatt, Svoboda). 2, New York, Sweeney 7 (Lidster) 3, Philadelphia, LeClair 21, Second Period: Philadelphia, Prospal 4 (Coffey, Niinimaa) (pp). 5, P-LeClair 22 (Zubrus, Gratton) 8:33. 6, New York, Skrudland 1 (Keane, Samuelsson) 7, New York, Leetch 5 (Vorobiev, LaFontaine) (pp). Third Period: New York, Leetch 6 (Gretzky, Sundstrom) (pp). Overtime: None. Shots on goal: Philadelphia 13-12-15-2—42. New York 8-12-10-1—31. Goalies: P-Snow. New York, Richter, Muzzatti.

Calgary 0 0 1—1
Dallas 1 1 2—4
First Period: D-Langenbrunner 14, Second Period: D-Bassen 2 (Harvey) Third Period: D-Hrkac 1 (Sydor, Verbeek) 2:17 (pp). 4, C-Nylander 8 (Simpson, Titov) 5, D-Verbeek 12 (Nieuwendyk, Ludwig) 16:43. Shots on goal: C- 9-7-5—21. D- 9-11-5—25. Goalies: C-Roloson. D-Belfour.

Detroit 0 0 1—1
Edmonton 1 0 2—3
First Period: Edmonton, Lindgren 4 (Marchant, de Vries) (sh). Second Period: None. Third Period: Edmonton, Huddy 1, 3, D-Murphy 3, 4, E-Buchberger 2 (Marchant) (en). Shots on goal: D- 5-15-8—28. E- 9-5-9—23. Goalies: D-Osgood. E-Essensa.

SATURDAY'S RESULTS

Carolina 1 0 0—1
Boston 2 1 1—4
First Period: B-Heinze 4 (Donato, Allison) 2:33 (pp). 2, B-Allison 9 (Donato, Heinze) 3, Carolina, Grimson 2 (Manderville, Wesley) 16:15. Second Period: B-Heinze 5 (Allison, McLaren) 17:25. Third Period—B-Heinze 6 (Allison, McLaren) 3:09. Shots on goal: Carolina 7-11-7—25. B- 6-9-11—26. Goalies: Carolina, Kidd. B-Dafoe.

Anaheim 1 1 0—2
Pittsburgh 2 2 1—5
First Period: A-Selanne 24 (Pronger, Mironov) (pp). 2, P-Siegr 3 (Hatcher, Francis) 3, P-Johansson 4 (Morozov, Kasparaitis) 13:39. Second Period: Pittsburgh, Jagr 12 (Francis, Olausson) 5, P-Francis 9 (Morozov, Jagr) 6, A-, Sandstrom 6 (Selanne) 18:58 (sh). Third Period: Pittsburgh, Jagr 13 (Francis, Barnes) Shots on goal: A- 8-12-7—27. P- 4-9-4—17. Goalies: A-Hebert. P-Skudra.

Phoenix 0 0 0—0
N.Y. Islanders 1 2 1—4
First Period: New York, Lapointe 6 (Belanger, Berard) Second Period: New York, Bertuzzi 4 (Smolinski, Houda) 3, New York, Reichel 13 (Palffy, Nemchinov) Third Period: New York, Palffy 15 (Reichel) 14:40. Shots on goal: Phoenix 5-10-7—22. New York 9-8-7—24. Goalies: Phoenix, Waite. New York, Salo.

Buffalo 0 0 0—0
Ottawa 1 1 1—3
First Period: O-Daigle 6 (Yashin, Alfredsson) (pp). Second Period: Ottawa, McEachern 11 (Kravchuk, Yashin) (pp). Third Period: O-Cunneyworth 2, (en). Shots on goal: B- 6-11-8—25. O- 8-10-6—24. Goalies: B-Hasek. O-Tugnutt.

NY Rangers 1 1 0 0—2
Montreal 2 1 0 0—3
First Period: New York, Skrudland 2 (Kovalev, Beukeboom) 2, M-Corson 12 (Koivu, Bure) (pp). 3, M-Rucinsky 9 (Damphousse, Brisebois) 19:16 (pp). Second Period: M-Malakhov 6 (Recchi, Corson) 5, New York, Skrudland 3 (Lindbom) Third Period—New York, Graves 6 (Gretzky, Kovalev) 12:37. Overtime: None. Penalties—None. Shots on goal: New York 5-10-11-1—27. M- 9-10-3-0—22. Goalies: New York, Richter. M-Thibault.

Tampa Bay 1 0 1—2
New Jersey 0 2 2—4
First Period: Tampa Bay, Hamrlik 3 (Ulanov, Andersson) Second Period: New Jersey, Guerin 3 (Odelein, Holik) 3, N.J.-Rolston 2 (Carpenter, Stevens) Third Period: New Jersey, Holik 14 (Niedermayer, Odelein) (pp). 5, N.J.-Rolston 3 (McKay, Niedermayer) 6, T-Dykhuis 3 (Vujtek, DeBrusk) Shots on goal: Tampa Bay 10-4-8—22. N.J.- 23-8-9—40. Goalies: T-Schwab. N.J.-Brodeur.

Los Angeles 1 0 1—2
Toronto 2 2 3—7
First Period: Los Angeles, Courtnall 1 (Laperriere, Galley) 2, T-Sundin 8 (Korolev, Johnson) 3, T-, McCauley 3 (Smith, Macoun) Second Period: T-Clark 6 (Modin, McCauley) 5, T-Johnson 6 (Korolev, Tremblay) Third Period: T-Berezin 7 (Sullivan, D.King) 2:42. 7, T-Sundin 9 (Johnson, Korolev) 8, T-Berezin 8 (Macoun) 9, Los Angeles, Perreault 16 (Tsyplakov, Norstrom) Shots on goal: Los Angeles 5-8-9—22. T- 15-11-13—39. Goalies: L.A.-Fiset, Chabot. T-Potvin.

Calgary 1 1 1 0—3
St. Louis 0 2 1 1—4
First Period: C-Stillman 11, Second Period: Calgary, Cassels 5 (Iginla, Stillman) 3, S.L.-Demitra 10 (Yake) 4, S.L.-Atcheynum 6 (Conroy, Pronger) Third Period: S.L.-Hull 15 (MacInnis, Turgeon) 6:05 (pp). 6, C-Titov 6, 11:15 (pp). Overtime: 7, S.L.-Courtnall 12 (Hull, Turgeon) 4:38. Shots on goal: C- 7-7-8-3—25. S.L.- 8-8-17-3—36. Goalies: C-Tabaracci. S.L.-Fuhr.

Vancouver 1 2 1—4
Colorado 2 2 2—6
First Period: Vancouver, Bure 16 (M.Messier) :48. 2, C-Donovan 4 (Sakic, Odgers) 3, Colorado, Deadmarsh 9 (Forsberg) Second Period: Vancouver, Lumme 3 (Bure, Mogilny) (pp). 5, C-Lacroix 5 (Sakic, Foote) 6, Colorado, Lacroix 6 (Forsberg, Krupp) 7, V-Bure 17 (M.Messier) (sh). Third Period: Colorado, Kamensky 11 (Yelle, Donovan) 9, C-Gusarov 2, 19:08 (sh-en). 10, V-Bure 18 (Mogilny, Ohlund) (pp). Shots on goal: V- 13-13-9—35. C- 16-15-9—40. Goalies: V-McLean, Irbe. C-Roy.

FOOTBALL

Major College Scores

BIG 12 CHAMPIONSHIP GAME
Nebraska 54, Texas A&M 15
SEC CHAMPIONSHIP GAME
Tennessee 30, Auburn 29
WAC CHAMPIONSHIP GAME
Colorado St. 41, New Mexico 13
MAC CHAMPIONSHIP GAME
Marshall 34, Toledo 14
OTHER GAME
Navy 39, Army 7
DIVISION I-AA PLAYOFFS
Youngstown State 37, Villanova 34
Delaware 16, Georgia South-ern 7
McNeese State 14, Western Illinois 12
Eastern Washington 38, West. Kentucky 21
DIVISION II SEMIFINALS
Northern Colorado 30, Carson-Newman 29
New Haven 27, UC-Davis 27-25.
DIVISION III SEMIFINALS
Mount Union 54, Simpson (Iowa) 7
Ly-coming (Pa.) 28, Rowan (New Jersey) 20.

CRICKET

INDIA VS. SRI LANKA
THIRD TEST, FIFTH DAY
SUNDAY IN BOMBAY
India: 512 and 181-9
Sri Lanka: 361 and 166-7
Test was abandoned due to drizzle and bad light. Series drawn.

PAKISTAN VS. WEST INDIES
THIRD TEST, SECOND DAY
SUNDAY IN KARACHI, PAKISTAN
West Indies: 216
Pakistan: 327-1

GOLF

Australian TPC

Final scores after Sunday's fourth round of $ 510,000 Australian Tournament Players Championship at the par-72, 6,292-meter (6,881-yard) Royal Queensland Golf Club course in Brisbane:

Greg Chalmers, Austrl.	71-70-67-68—276
Peter Lonard, Austrl.	68-74-67-68—277
Robert Allenby, Austrl.	70-65-69-74—278
Stuart Appleby, Austrl.	68-68-68-75—279
Scott Wearne, Austrl.	72-74-64-69—279
R. Swanson, Austrl.	72-66-70-71—279
Jean-Louis Guepy, Fr.	70-70-70-70—280
Stephen Scahill, N.Z.	72-68-69-71—280
Craig Spence, Austrl.	76-70-67-68—281
Andrew Coltart, Scot.	74-69-68-71—282
C. Howell, Austrl.	70-69-72-71—282
R. Stephens, Austrl.	67-70-73-72—282

Hitachi Cup

Final scores Sunday in 100 million yen ($775,000) Nippon Series Hitachi Cup on, 6,983-yard, par-71 Tokyo Yomiuri Country Club course in Inagi, Japan:

S. Maruyama, Jap.	70-63-68-67—268
T. "Jet" Ozaki Jap.	67-67-71-65—270
Eduardo Herrera, Col.	68-65-68-70—271
Craig Parry, Austrl.	68-62-71-70—271
T. Watanabe Jap.	69-68-68-68—273
N. "Joe" Ozaki Jap.	68-68-66-71—273
K. Fukabori Jap.	65-70-66-72—273
Brian Watts, U.S.	68-70-68-68—274
Mitsuo Harada Jap.	67-71-69-69—276
Nobuhito Sato Jap.	69-69-71-68—277
Hiroyuki Fujita Jap.	71-70-67-69—277
S. Kiwabara Jap.	71-70-66-70—277

Million Dollar Challenge

Scores Sunday after the fourth round of Million Dollar Challenge golf tournament at the 7,587-yard, (6,944 meters) par-72 Gary Player Country Club course in Sun City, South Africa:

Nick Price, Zimbabwe	71-68-68-68-275
Davis Love III, U.S.	68-67-74-67-276
Ernie Els, South Africa	69-70-70-67-276
Phil Mickelson, U.S.	67-68-69-73-277
Bernhard Langer, Ger.	69-70-67-72-278
Justin Leonard, U.S.	74-72-67-68-281
Tom Lehman, U.S.	74-74-69-69-286
C. Montgomerie, Scot.	78-68-69-71-286
Jesper Parnevik, Swe.	70-70-79-70-289
Nick Faldo, England	73-73-71-74-291
Mark O'Meara, U.S.	76-71-69-75-291
Ian Woosnam, Wales	74-73-72-73-292

RUGBY UNION

NEW ZEALAND TOUR
TEST MATCH
SATURDAY IN LONDON
England 26, New Zealand 26

SOUTH AFRICA TOUR
TEST MATCH
SATURDAY IN EDINBURGH
Scotland 10, South Africa 68

SKIING

World Cup

WOMEN'S DOWNHILL
FRIDAY IN LAKE LOUISE, ALBERTA
1. Katja Seizinger, Germany, 1 m. 38.86 s.
2. Melanie Suchet, France, 1:39.05
3. Isolde Kostner, Italy, 1:39.38
4. Michaela Kostner, Austria, 1:39.44
5. Brigitte Obermoser, Austria, 1:39.44
6. Renate Goetschl, Austria, 1:39.54
7. Heidi Zubriggen, Switzerland, 1:39.71
8. Alessandra Merlin, Italy, 1:40.04
9. Regine Cavagnoud, France, 1:40.05
10. Carole Montillet, France, 1:40.08

DOWNHILL STANDINGS (2 events): 1. Seizinger, 200 points; 2. Kostner, Goetschl, Dorfmeister, 100; 5. Suchet, 95; 6. Obermoser, 86; 7. Katharina Gutensohn, Ger., 80; 8. Meissnitzer, 69; 9. Zubriggen, 65; 10. Merlin, 56.

WOMEN'S SUPER-G
SATURDAY, LAKE LOUISE, ALBERTA
1. Katja Seizinger, Germany, 1 m. 14.71 s.
2. Hilde Gerg, Germany, 1:15.04.
3. Isolde Kostner, Italy, 1:15.09.
4. Martina Ertl, Germany, 1:15.17.
5. Renate Goetschl, Austria, 1:15.29.
6. Regina Haeusl, Germany, 1:15.58.
7. Bibiana Perez, Italy, 1:15.59.
8. Mojca Suhadolc, Slovenia, 1:15.67.
9. Alexandra Meissnitzer, Austria, 1:15.76.
10. Karen Putzer, Italy, 1:15.91.

SUPER-G STANDINGS (2 events): 1. Seizinger, 200 points; 2. Kostner, 140; 3. Gerg, 125; 4. Goetschl, 95; 5. Ertl, 82; 6. Haeusl, 76; 7. Katharina Gutensohn, Germany, 60; 8. Alexandra Meissnitzer, Austria, 55; 9. Suhadolc, 52; 10. Zurbriggen, 46.

OVERALL (9 events): 1. Seizinger, 543 points; 2. Ertl, 372; 3. Gerg, 349; 4. Meissnitzer, 340; 5. Kostner, 327; 6. Goetschl, 249; 7. Deborah Compagnoni, Italy, 243; 8. Ylva Nowen, Sweden, 233; 9. Zurbriggen, 184; 10. Leila Picard, France, 181.

MEN'S DOWNHILL
FRIDAY IN BEAVER CREEK, COLORADO
1. Andreas Schifferer, Austria, 1 m. 41.17 s.
2. Hermann Maier, Austria, 1:41.34.
3. Stefan Eberharter, Austria, 1:41.45.
4. Fritz Strobl, Austria, 1:41.56.
5. Hannes Trinkl, Austria, 1:41.57.
6. Kjetil Andre Aamodt, Norway, 1:41.85.
7. Roland Assinger, Austria, 1:42.24.
8. Lasse Kjus, Norway, 1:42.37.
9. Fredrik Nyberg, Sweden, 1:42.47.
10. Nicolas Burtin, France, 1:42.49.

DOWNHILL STANDINGS (2 events): 1. Schifferer, Kristian Ghedina, Italy, 122; 3. Maier, 109; 4. Kjus, 92; 5. Fritz Strobl, 90; 6. Eberharter, 86; 7. Assinger, 81; 8. Jean-Luc Crétier, Fr., 80; 9. Aamodt, 58; 10. Trinkl, 51.

MEN'S SUPER-G
SATURDAY IN BEAVER CREEK
1. Hermann Maier, Austria, 1 m. 16.20 s.
2. Stefan Eberharter, Austria, 1:16.56.
3. Hans Knaus, Austria, 1:16.58.
4. Josef Strobl, Austria, 1:16.76.
5. Steve Locher, Switzerland, 1:16.98.
6. Frederic Marin-Cudraz, France, 1:17.40.
7. Didier Cuche, Switzerland, 1:17.65.
8. Werner Franz, Austria, 1:17.67.
9. Fredrik Nyberg, Sweden, 1:17.71.
10. Luca Cattaneo, Italy, 1:17.79.

SUPER-G STANDINGS (1 event): 1. Maier, 100 points; 2. Eberharter, 80; 3. Knaus, 60; 4. Strobl, 50; 5. Locher, 45; 6. Marin-Cudraz, 40; 7. Cuche, 36; 8. Franz, 32; 9. Nyberg, 29; 10. Cattaneo, 26.

OVERALL (7 events): 1. Maier, 429 points; 2. Aamodt, 297; 3. Eberharter, 266; 4. Strobl, 260; 5. Andreas Schifferer, Austria, 206; 6. Michael Von Grunigen, Switzerland, 174; 7. Ghedina, 160; 8. Locher, 154; 9. Kjus, 136; 10. Accola, 127.

SOCCER

ITALIAN FIRST DIVISION
Brescia 3, Empoli 1
Lecce 0, Vicenza 1
AC Milan 2, Bari 0
Piacenza 1, Napoli 0
AS Roma 3, Atalanta Bergamo 0
Udinese 4, Bologna 3
Juventus 2, Lazio 1
Sampdoria 1, Inter Milan 1
STANDINGS: Inter Milan 27 points; Juventus 25; AS Roma, Udinese 22; Parma, Vicenza 18; AC Milan, Sampdoria 16; Lazio 15; Fiorentina, Brescia 13; Atalanta 11; Empoli, Piacenza, Lecce, Bari 10; Bologna 8; Napoli 5.

FRENCH FIRST DIVISION
Metz 2, Chateauroux 0
Rennes 0, Girondins Bordeaux 0
Cannes 0, Paris St Germain 1
Le Havre 0, Lens 1
Monaco 2, Olympique Lyon 1
Strasbourg 0, En Avant Guingamp 1
STANDINGS: Monaco, Metz 38 points; Paris St Germain 37; Lens 34; Marseille 33; Bordeaux 32; Auxerre 29; Bastia 27; Lyon 26; Guingamp, Toulouse 23; Montpellier 22; Nantes 20; Strasbourg, Chateauroux 18; Rennes 17; Le Havre 16; Cannes 14.

SPANISH FIRST DIVISION
Salamanca 4, Deportivo Coruna 1
Real Betis 3, Tenerife 0
Merida 1, Racing Santander 2
Celta 2, Valladolid 0
Espanyol 1, Mallorca 0
Oviedo 1, Real Madrid 1
Atletico Madrid 2, Sporting Gijon 1
Real Zaragoza 1, Barcelona 2
STANDINGS: Barcelona 34 points; Real Madrid 32; Atletico Madrid 29; Espanyol 28; Celta Vigo 27; Real Sociedad 26; Real Betis, Oviedo 23; Mallorca 21; Zaragoza 20; Athletic Bilbao, Racing Santander 19; Merida 16; Deportivo Coruna, Compostela 14; Salamanca, Tenerife, Valladolid 13; Valencia 11; Sporting Gijon 2.

ENGLISH PREMIER LEAGUE
Wimbledon 1, Southampton 0
Aston Villa 3, Coventry 0
Blackburn 3, Bolton 1
Derby 2, West Ham 0
Leeds 0, Everton 0, tie
Leicester 1, Crystal Palace 1
Liverpool 1, Manchester United 3
Newcastle 0, Arsenal 1
Tottenham 1, Chelsea 6
STANDINGS: Manchester United 37 points; Chelsea 34; Blackburn 33; Arsenal, Leeds 30; Leicester 27; Derby 26; Liverpool 25; Newcastle 24; West Ham, Wimbledon 22; Aston Villa 21; Crystal Palace 20; Bolton 19; Sheffield Wednesday 18; Coventry 17; Southampton, Tottenham 16; Everton, Barnsley 13.

SCOTTISH PREMIER DIVISION
Aberdeen 1, St. Johnstone 1
Dundee United 0, Dunfermline 0
Hearts 2, Motherwell 0
Kilmarnock 0, Celtic 0
Rangers 1, Hibernian 0

GERMAN BUNDESLIGA
FC Kaiserslautern 2, Bayern Munich 0
Arminia Bielefeld 0, VfL Bochum 2
Werder Bremen 2, Karlsruher SC 4
1860 Munich 1, VfB Stuttgart 3
Bayer Leverkusen 0, Schalke 0
MSV Duisburg 2, FC Cologne 2
Bor. Moenchengladbach 1, Hamburger 1
VfL Wolfsburg 1, Hansa Rostock 1
STANDINGS: FC Kaiserslautern 42 points; Bayern Munich 35; VfB Stuttgart 32; Bayer Leverkusen, Schalke 30; Hansa Rostock 25; MSV Duisburg, VfL Wolfsburg 24; Karlsruher SC 23; Hertha Berlin, Werder Bremen 22; Borussia Dortmund 21; Hamburger SV, 1860 Munich 20; Moenchengladbach, Arminia Bielefeld, VfL Bochum 19; FC Cologne 17.

DUTCH FIRST DIVISION
Utrecht 5, Vitesse Arnhem 3
Groningen 2, MVV Maastricht 3
NEC Nijmegen 3, Feyenoord 2
Willem II Tilburg 4, PSV Eindhoven 1
Fortuna Sittard 1, Twente Enschede 0
Ajax Amsterdam 1, Roda JC Kerkrade 0
NAC Breda 1, Sparta Rotterdam 2
Heerenveen 0, Graafschap Doetinchem 0
STANDINGS: Ajax Amsterdam 52 points; PSV Eindhoven 37; Vitesse Arnhem 35; Heerenveen 32; Feyenoord 31; Willem II Tilburg 30; Sparta Rotterdam 24; Utrecht, Fortuna Sittard 23; NEC Nijmegen 22; Twente Enschede, NAC Breda, Graafschap Doetinchem 21; Roda JC Kerkrade 19; MVV Maastricht 17; Groningen, RKC Waalwijk 15; Volendam 11.

JAPANESE LEAGUE
FINAL, FIRST LEG
Jubilo Iwata 3, Kashima Antlers 2

FRIENDLY INTERNATIONAL
South Africa 1, Brazil 2

AFRICAN CUP WINNERS' CUP
RAF, Morocco 1, Etoile Sahel, Tunis, 0
Etoile Sahel, won on 2-1 aggregate.

TENNIS

MASTERS OF CHAMPIONS
IN FRANKFURT, GERMANY
SEMIFINALS
Martina Hingis, Switzerland, def. Lindsay Davenport, U.S., 6-4, 6-3.
Anke Huber, Germany, def. Iva Majoli, Croatia, 6-3, 6-4.
FINAL
Huber def. Hingis 2-6, 6-3, 2-6, 6-2, 7-5.

TRANSITIONS

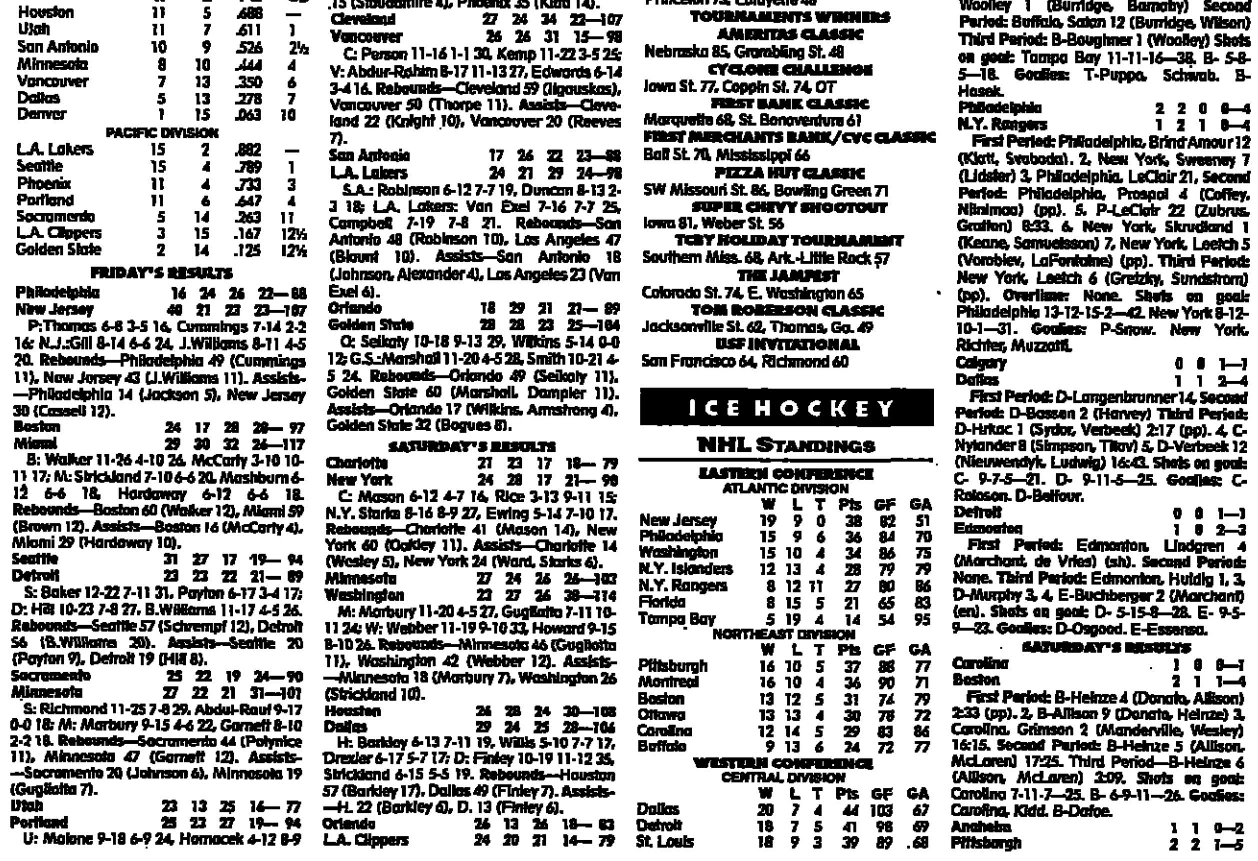
BASKETBALL
NATIONAL BASKETBALL ASSOCIATION
NBA—Fined Toronto coach Darrell Walker $5,000 for making obscene gesture at fan during Dec. 3 game.
DALLAS—Named F Kurt Thomas assistant coach.
NEW JERSEY—Waived G Steve Henson. Put F-C Jack Haley on injured list.
VANCOUVER—Put G Anthony Peeler on injured list. Activated G Chris Robinson from injured list.

FOOTBALL
NATIONAL FOOTBALL LEAGUE
INDIANAPOLIS—Put QB Paul Justin and DB Dedric Mathis on injured reserve. Signed WR Chris Doering and RB Leon Neal from practice squad.
SAN DIEGO—Put QB Stan Humphries on injured reserve.

HOCKEY
NATIONAL HOCKEY LEAGUE
NHL—Suspended Edmonton D Bryan Marchment for 3 games without pay and fined him $1,000 for his hit on Dallas C Mike Modano in Dec. 3 game.
BOSTON—Announce G Jim Carey cleared waivers and was assigned to Providence, AHL. Recalled G Rob Tallas from Providence.
DALLAS—Put C Mike Modano and LW Benoit Hogue on injured reserve. Recalled F Tony Hrkac and F Jah Lind from Michigan, IHL.
NEW JERSEY—Recalled C Brendan Morrison from Albany, AHL.
N.Y. ISLANDERS—Assigned D Zdeno Chara to Kentucky, AHL.
OTTAWA—Assigned D Radim Bicanek to Manitoba, IHL.
PHILADELPHIA—Assigned D Chris Joseph to Philadelphia, AHL.
PHOENIX—Recalled C Chad Kilger and D Brad Tiley from Springfield, AHL, and LW Jeff Christian from Las Vegas, IHL. Put LW Darrin Shannon on injured list.

COLLEGE
BOSTON UNIVERSITY—Suspended junior G LeVar Folk from men's basketball team for insubordination.
RUTGERS—Suspended freshman F Maurice Brown indefinitely from mens basketball team for criminal charges.

ADVERTISEMENT



1997 - MONTY GOES TO WORK, AND COMES OUT FIGHTING.
Written with Richard Simmons. Designed & Illustrated by Dave F Smith © International Herald Tribune

هكذا من الأصل

Huskers Storm Aggies for Title

No. 2 Nebraska Captures Big 12

By Dennis Dodd
Washington Post Service

SAN ANTONIO, Texas — Second-ranked Nebraska unleashed a year's worth of frustration on No. 14 Texas A&M, winning the Big 12 Conference championship game, 54-15, at the Alamodome.

Forced to live a year with memories of an upset loss to Texas in the first Big 12 championship game last year in St. Louis, the Cornhuskers left no room for error — or success by Texas A&M.

COLLEGE FOOTBALL

Nebraska scored on its first seven possessions to take a 37-3 halftime lead. The quarterback Scott Frost and the I-back Ahman Green each had two first-half scoring runs. The freshman wingback Bobby Newcombe set up 13 of Nebraska's 16 first-quarter points.

But the Huskers (12-0) were mostly a dour group, realizing that their margin of victory may not translate into more first-place votes in the polls. Top-ranked Michigan, which did not play Saturday, has far more first-place votes in both polls.

"What frustrates us is that we've done everything we need to," Frost said. "I can make a million points in our favor. I think we have comparable defenses. On offense I don't think it's even close at all. People are kind of in a love relationship with a team that hasn't been there in a while."

Michigan can win the national championship if it beats Washington State on Jan. 1 in the Rose Bowl. But Nebraska finds itself undefeated and unfulfilled, trapped in the Orange Bowl where a victory might mean very little.

Nebraska made what statement it could against the outmanned Aggies. It became evident that Nebraska had stored up lots of frustration after the stunning loss to the Longhorns a year ago.

Frost ran for 79 yards and threw for 201 against the Aggies, who won the Big 12 South Division. Green added 179 yards and three touchdowns in his 11th straight 100-yard rushing game.

Kris Brown kicked four field goals for the Cornhuskers, who surpassed 50 points for the sixth time in 12 games. Texas A&M was held to 13 net yards rushing and suffered six sacks.

"Until someone else proves differently I'd have to say they've got my vote" for No. 1, the Aggies' coach, R.C. Slocum, said. "I voted for them last week and I voted for them every week."

In other games, The Associated Press reported:

No. 3 Tennessee 30, Auburn 29 Tennessee beat Auburn in the Southeastern Conference title game Saturday in Atlanta, but the narrowness of the victory may mean that the Volunteers (11-1) lose third place in the polls to No. 4 Florida State (10-1) in the final regular-season rankings.

Peyton Manning passed for 373 yards and four touchdowns in a final Heisman Trophy bid, but the Vols still had to overcome six turnovers and at least a half-dozen dropped passes for their first SEC title since 1990.

With Auburn (9-3) leading, 29-23, Manning hooked up with Marcus Nash on a 73-yard TD pass for the winning score with 11:14 left in the game.

No. 20 Colorado State 41, New Mexico 13 In Las Vegas, Kevin McDougal ran for 255 yards and scored on runs of 42, 44 and 66 yards in the Western Athletic Conference game.

The Rams piled up 345 yards rushing and scored 24 fourth-quarter points to break open a close game.

Navy 39, Army 7 At Giants Stadium in Rutherford, New Jersey, Chris McCoy made certain this class of Midshipmen wouldn't leave without a victory over the Cadets. The Navy quarterback ran for 205 yards and three TDs and passed for another as Navy ended a five-game losing streak against Army.

McCoy led Navy (7-4) to scores on six of its first seven possessions with three TD runs.

Navy, which lost the previous five games against Army by a total of 10 points, won by the most lopsided margin since 1973, when the Midshipmen prevailed, 51-0.



Adrees Latif/Reuters

Nebraska's quarterback Scott Frost, left, losing Texas A&M defender Warrick Holdman — and part of his shirt.

Bowl Bids: It's Nail-Biting Time

The Associated Press

The bowl alliance was scheduled to make its selections for the Orange, Sugar and Fiesta bowls Sunday afternoon, but even so the possible range of choices was reduced by Saturday's game results and Sunday's revised poll rankings.

Michigan remained No.1, ahead of Nebraska, in both the AP and the USA Today/ESPN coaches polls Sunday. Tennessee remained No.3 ahead of Florida State, which should mean the Vols are invited play in the Orange Bowl, against Nebraska, leaving Florida State to meet Ohio State in the Sugar Bowl.

"We're very excited to go to the Orange Bowl," Peyton Manning, the Tennessee quarterback, said Saturday— before coach Phillip Fulmer interrupted:

"Of course, there's no invitation yet," he said. "Let's just hold on."

Nebraska and its Orange Bowl opponent will be rooting for No. 8 Washington State to upset No.1 Michigan in the Rose Bowl on Jan. 1. If that happens, the Orange Bowl on Jan. 2 would become a game for the national title.

Auburn, which lost to Tennessee on Saturday, will go to the Outback or Peach bowl. Texas A&M (9-3), which lost Saturday to Nebraska, will probably play No. 5 UCLA (9-2) in the Cotton Bowl. Kansas State will play Syracuse in the Fiesta Bowl.

Colorado State's victory over New Mexico in the Western Athletic Conference title game Saturday clinched a berth in the Holiday Bowl, most likely against Missouri (7-4). The Lobos (9-3) are set for the Insight.com Bowl, probably against Arizona (6-5).

Oklahoma State will meet Purdue (8-3) in the Alamo Bowl on Dec. 30.

In Sprewell Affair, The Issue of Race Is a Bogus One

By Michael Wilbon
Washington Post Service

FEW things in the culture these days spark a firestorm like a professional athlete in trouble. The discussion of the NBA's one-year suspension of Latrell Sprewell has quickly moved from sports channels to general talk radio, from sports agents to Johnnie Cochran, from the seemingly simple issue of the conflict between a player and his coach to a complex examination that has introduced race.

After the NBA announced its decision Thursday, I wrote a column saying the league did exactly the right thing in suspending Sprewell for choking his coach, P.J. Carlesimo, then coming back 20 minutes later to resume the attack. The calls streamed in, usually — and unfortunately — along predictable lines. Most of the white callers said they saw an out-of-control punk who in any walk of life would have been fired for assaulting his superior. About half the black callers said a coach has no business screaming in the face of a grown man and that the suspension, which will cost Sprewell $25 million, is grossly unfair and in some way prejudiced.

VANTAGE POINT

What worries me more than the predictable stereotypical reactions is the referendum-on-race subplot that may take over the Sprewell-Carlesimo debate.

A few months ago, U.S. News & World Report had a cover story asking whether professional sports were bad for black America. Issues such as the one now involving Sprewell are why I can't just kiss off the question with an unequivocal, "No."

It's frightening to me, as a black man who makes a living in the sports industry, that any behavior demonstrated by a black athlete — no matter how criminal or immoral — is so easily excused by a large segment of my community. Black athletes now have reached the status formerly accorded only black preachers: They don't have to be accountable to anyone.

Grant Hill says players in his sport need to be tested for marijuana, and you don't hear two hands clapping. Sprewell assaults a white coach and there's a national black posse riding to the rescue.

When I was growing up playing various sports, there was always some responsible figure — a black figure, by the way — there to say, "Son, you can't do that." I don't mean my father — I mean a coach, a neighbor, a bystander.

But what's the message now? "Kid, you got so much game and so much money you can do whatever you want to. We'll support you."

That's not support, it's negligence.

We've neglected to tell a generation of ballplayers that their ability to shoot or tackle and run doesn't preclude them from being civil. There are fewer and fewer brothers out there with the guts to tell these kids, "Son, you can't do that." Fewer leaders, more apologists. The whole world is a groupie-in-waiting. You might be perceived as an Uncle Tom if you tell a youngster to mind authority, shut his mouth and play ball."

Every kid in America, black and white, knows the ins and outs and all the subtleties of the culture of basketball. Coaches get in your face. It's a law. You think Bill Russell and John Havlicek didn't want to choke Red Auerbach until his eyes fell out? You think Grant Hill and Lindsey Hunter wouldn't like to dump Doug Collins into the Detroit River this very second? If screaming in a player's face was a crime, John Thompson and Bob Knight would be on death row. Would Carlesimo's behavior be tolerated in the corporate workplace? Of course not.

But the NBA isn't the typical workplace. Everyday folks don't make $7.7 million a year, as Sprewell did. When you cash that paycheck, it's clearly understood you've sold yourself into the culture of sports, in this case basketball. You take the booing, the newspaper's criticism, the coach's maniacal screaming. Period. And you don't choke or fight.

Every time there's a confrontation or dispute in sports these days, I find myself hoping it's between people of the same race so we don't have to deal with this foolishness. If a white player had assaulted a black coach, the player would have deserved the same suspension, plain and simple.

To say Sprewell doesn't deserve to be suspended is to tell our youngsters any behavior can be excused as long as they can play ball. You can assault a woman, a coach, act like a thug, do anything you want and we'll keep coming up with the alibis, as long as you keep dunking that ball. Is that the message we want to send our kids?

If the Washington Wizards are seriously interested in signing Sprewell, they'd better be prepared to deal with the consequences of taking on a player who has probably been convinced by far too many people that rules don't apply to him. If he believes it, it's because the culture has proved to him that it's true. Yeah, Sprewell has incredible basketball talent. In 1993, the season Michael Jordan missed entirely, I thought Sprewell was the best off-guard in the NBA. He made himself one of the league's best offensive players, one of its best defenders.

That makes you a good basketball player, and it makes you wealthy. It shouldn't make you worthy of national debate, it shouldn't make you unaccountable for your actions and it sure shouldn't divert the emotional outrage of black America that is so desperately needed elsewhere.

In a Sellout Game in Mexico, Rockets Outshine Mavericks

The Associated Press

MEXICO CITY — The National Basketball Association's first regular-season game in Mexico was a success for the league — and the Houston Rockets.

Charles Barkley scored 19 points and grabbed 17 rebounds as the Rockets beat the Dallas Mavericks, 108-106, on Saturday night before a crowd of 20,000 at the Sports Palace.

NBA ROUNDUP

The game was sold out two days in advance and scalpers were selling $11 tickets for up to $38.

The Mavericks officially were the home team, but the crowd rooted for the Rockets. Fans stood and cheered every time Houston scored. They whistled every time Dallas attempted a free throw.

"I'm here to see Barkley," said Fabiola Rivera, a 23-year-old elementary school teacher. "I've been a fan of his for the last 10 years. Seeing him here today is a dream come true."

Michael Finley scored a career-high 35 points for Dallas, which was playing its second game under Don Nelson, who took over as coach Wednesday after he fired Jim Cleamons.

Finley's 3-pointer with 8.5 seconds left cut Houston's lead to 107-103. After Matt Maloney of the Rockets was called for traveling, Finley was fouled by Clyde Drexler while shooting a 3-pointer.

Finley made all three free throws to make it 107-106 with five seconds remaining. He then fouled Mario Elie, who made one of two foul shots with 3.1 seconds left to put Houston up 108-106.

Dallas had one last chance, but Elie stole a pass by Erick Strickland to clinch the victory. Drexler scored 17 points for the Rockets, who led by 10 points early in the fourth period.

Knicks 90, Hornets 79 John Starks scored 27 points and Charlie Ward sparked a third-quarter surge that gave New York its sixth straight home victory.

Starks had 16 of his points in the second quarter and Ward scored all 10 of his in the third, including a pair of 3-pointers and a lay-up that allowed the Knicks to break open a close game.

The victory snapped a two-game losing streak for New York that included a dreadful performance in a 105-91 loss Thursday night at Dallas.

The Knicks righted themselves by overcoming 24 turnovers and holding the Hornets to 35 percent shooting.

Anthony Mason led Charlotte with 16 points and 14 rebounds. The Hornets have lost four of their last five after starting the season 9-3.

Magic 83, Clippers 79 Horace Grant, just off the injured list, scored 25 points and Gerald Wilkins added 21 as Orlando beat the Clippers in Los Angeles.

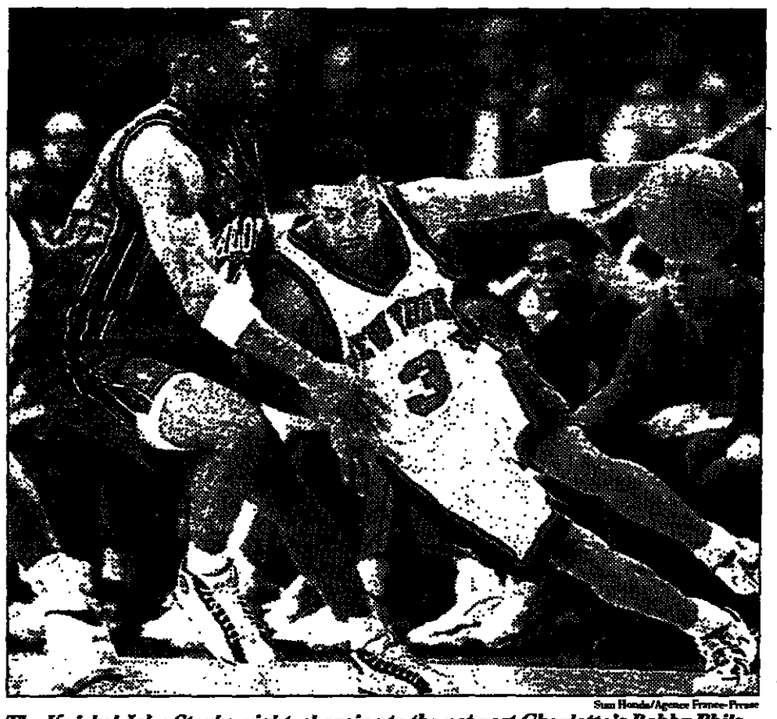
Eric Piatkowski, coming off a career-high 24 points in an overtime victory Thursday over San Antonio, led the Clippers with 15 points in his third start of the season.

The Magic dominated the fourth quarter with an 11-0 run.

Wizards 114, Timberwolves 103 Chris Webber had 33 points and 12 rebounds as Washington remained perfect in the team's new home.

Juwan Howard added 26 points for the Wizards, who are 3-0 at the MCI Center after opening the season 0-5 in their former building, USAir Arena.

Stephon Marbury had 27 points and seven assists for Minnesota.



Stan Honda/Agence France-Presse

The Knicks' John Starks, right, charging to the net past Charlotte's Bobby Phils.

Blues Blow Out Flames in Overtime

The Associated Press

Geoff Courtnall scored with 22 seconds left in overtime to lift the St. Louis Blues over the visiting Calgary Flames, 4-3.

Courtnall scored from a pileup in front of the net after taking a pass from Brett Hull.

The game went into overtime after Calgary's German Titov scored with less than nine minutes remaining to tie the score.

The Blues had overcome a two-goal deficit to lead, 3-2, when Titov scored on a power play at 11:15 of the third. The Flames had not scored in their last 47 power plays before Titov's goal.

Bruins 4, Hurricanes 1 In Boston, Steve Heinze had three goals and an assist to lead the Bruins to victory over Carolina.

Jason Allison finished with a goal and three assists. Kyle McLaren and Ted Donato each had a pair of assists.

The Bruins' goaltender, Byron Dafoe, stopped 24 shots for Boston's first back-to-back victories in a month.

Islanders 4, Coyotes 0 In Uniondale, New York, Tommy Salo stopped 22 shots for his second shutout this season to lead the Islanders over Phoenix.

Claude Lapointe, Todd Bertuzzi, Robert Reichel and Zigmund Palffy scored for the Islanders.

The Coyotes, who got 20 saves from backup goalie Jimmy Waite, played their fourth game in six nights during a seven-game road trip. The Coyotes, 1-3-1, on the trip so far, were playing without center Jeremy Roenick, who suffered a concussion in a game Friday night.

Penguins 5, Mighty Ducks 2 Jaromir Jagr scored twice and Ron Francis had a goal and three assists as Pittsburgh, playing shorthanded during eight penalties, managed to prevent all but one power-play goal and beat visiting Anaheim.

NHL ROUNDUP

The Penguins rebounded from a 4-0 home loss Thursday to New Jersey that ended their 7-0-1 streak.

Devils 4, Lightning 2 In East Rutherford, New Jersey, Brian Rolston scored two goals to lead New Jersey over Tampa Bay, the NHL's worst road team.

Bill Guerin and Bobby Holik also scored for the Devils, 11-4-0 in their last 15 games.

Defensemen Roman Hamrlik and Karl Dykhuis scored for the Lightning, who lost their 10th straight road game and extended their road winless streak to 15.

Senators 3, Sabres 0 Ron Tugnutt stopped 25 shots and earned his first shutout of the season as Ottawa defeated visiting Buffalo in Kanata, Ontario.

Alexandre Daigle and Shawn McEachern scored power-play goals as the Senators snapped Buffalo's four-game unbeaten streak. Randy Cunneyworth added a goal, shooting into an empty net with 48 seconds left in the game. It was his first goal in 24 games.

Rangers 3, Canadiens 3 In Montreal, Adam Graves scored with 5:23 left in the third period to give the struggling Rangers a tie with Montreal, extending New York's winless streak to eight games.

It was the 11th tie of the season for the Rangers, who played Philadelphia to a 4-4 draw Friday night.

Brian Skrudland had two goals for New York, which is 13 ties short of the NHL record for a season.

Maple Leafs 7, Kings 2 Mats Sundin and Sergei Berezin each scored two goals as Toronto recorded its largest margin of victory this season with a home victory over Los Angeles.

Alyn McCauley, Wendel Clark and Mike Johnson also scored for the Maple Leafs while Igor Korolev had three assists.

Russ Courtnall and Yanic Perreault, who are former Maple Leafs, scored goals for the Kings.

Avalanche 6, Canucks 4 In Denver, Eric Lacroix scored two goals, and Peter Forsberg and Joe Sakic had a pair of assists each as Colorado remained unbeaten in six games with a victory over Vancouver.

Paval Bure had a hat trick and an assist for the Canucks. Bure has 12 goals and 14 assists in his last 16 games.

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SPORTS

WORLD ROUNDUP



Ian Waldie/Reuters

Anke Huber serving to Martina Hingis in Sunday's final.

Huber Stops Hingis

TENNIS Anke Huber survived a match point before beating Martina Hingis on Sunday in the five-set final of the inaugural Masters of Champions tournament.

Huber, a German, was roared on by 4,500 fans at the Frankfurt exhibition tournament as she won 2-6, 6-3, 2-6, 6-2, 7-5.

Hingis reached match point at 5-4 in the fifth, but Huber's nerve held and she fought back to win the $380,000 first prize.

• John McEnroe took the ATP Senior Tour of Champions' title in London on Sunday, but not before swearing at a line judge at Albert Hall.

Under the unusual scoring system, he beat Henri Leconte 6-2, 3-6 (10-5).

One British newspaper said that McEnroe's outbursts during the tournament had been "utterly contrived." *(Reuters)*

Pakistan Dominates

CRICKET Sohail and Ijaz Ahmed shared a record 298-run partnership as Pakistan reached 327 runs for one wicket on the second day of the third test against the West Indies in Karachi. The visitors had made 216 in their first innings.

• Rain and poor light Sunday forced India to settle for a draw in the third and final test against Sri Lanka in Bombay. Sri Lanka, chasing a victory target of 333, was tottering at 166 for seven wickets, with 12 overs to be bowled, when drizzle stopped play. The first two tests also ended in a draw.

• Mark Waugh hit 104 Sunday to help Australia to overhaul New Zealand's total of 260 for seven with two balls to spare in a World Series one-day game in Adelaide. *(Reuters)*

Point-Shaving Pleas

BASKETBALL Former Arizona State basketball players Stevin (Hedake) Smith and Isaac Burton Jr. pleaded guilty to charges of conspiracy to commit sports bribery in a point-shaving scheme.

Smith and Burton admitted taking payoffs for shaving points on four Arizona State home games in the 1993-94 season.

Indictments were issued against four men accused of paying the players, and the FBI expects further indictments.

Smith, the school's No. 2 career scorer, admitted he agreed to fix games in part to repay gambling debts owed to a bookmaker, Benny Silman. He said Silman paid him $20,000 for each game. *(AP)*

Price Reaches $1 Million

GOLF Nick Price made up three strokes on Phil Mickelson on Sunday and held off Ernie Els and Davis Love on the final green to win the Million Dollar Challenge in Sun City, South Africa. Price carded a four-under final round of 68 for a 14-under-par total. Mickelson, who led for three days, bogeyed the last for a 73 to drop to fourth. *(Reuters)*

PSV's Dreams Fade With Loss to Tilburg

Tottenham Suffers Worst Home Loss In 62 Years as Chelsea Cruises, 6-1

Compiled by Our Staff From Dispatches

The Dutch league has not yet reached its mid-winter break, but already PSV Eindhoven's chances of holding onto its title appear to be melting.

PSV, the champion, lost to Willem II Tilburg, 4-1. Although PSV remains in second place, it is 15 points behind Ajax Amsterdam, which has won all but one of its 18 league matches. It was Willem II's seventh straight league victory and lifted Tilburg into sixth place.

Gilles de Bilde gave PSV the lead after 19 minutes. Tilburg hit back with two counterattack goals in 10 minutes from Clyde Wijnhard and Ousmane Sanou. Between those, Luc Nilis missed a penalty for PSV in the 26th minute.

Wijnhard scored his second with 17 minutes to go, and Arno Arts rounded of a fine performance with a solo effort.

On Saturday, Tijani Babangida scored in the 10th minute to give Ajax a 1-0 home victory over Roda JC Kerkrade.

ITALY Roma swept aside Atalanta Bergamo on Sunday with three first-half goals, and Udinese beat Bologna, 4-3, to keep in touch with Serie A pacesetters Inter Milan and Juventus.

The results kept Roma and Udinese tied for third, five points adrift of league leaders Inter and two behind the reigning champion Juventus. Those two clubs played Saturday because they have European matches this week. Inter was held to a 1-1 draw at Sampdoria, and Juve beat Lazio, 2-1.

In Milan, Patrick Kluivert scored his first goal since September as AC Milan beat Bari on Sunday, 2-0.

ENGLAND The Jamaican international Robbie Earle on Sunday ended Wimbledon's losing run in the Premier League with a gift of a goal at home to Southampton.

On Saturday, Chelsea won at Tottenham Hotspur, 6-1. It was Tottenham's worst home defeat in 62 years and kept Chelsea second behind Manchester United.

It was the first time since 1935, when Tottenham lost, 6-0, to local rivals Arsenal, that they had conceded six goals in the league at home.

The Norwegian Tore Andre Flo scored a hat-trick, his first in English soccer, as the Spurs conceded five second-half goals after a determined showing in the first half.

United beat Liverpool at Anfield, 3-1. Andy Cole scored twice for United, taking his season's tally to 15 goals in all competitions, while David Beckham scored the second goal with a free kick.

SPAIN A first-half hat-trick by the striker Finidi George gave Real Betis a 3-0 victory over Tenerife in the Spanish first division Sunday.

Deportivo Coruna suffered a surprise 4-1 defeat by Salamanca. After scoring only six times in 14 games, Salamanca found the net four times in the last 25 minutes.

The leading teams played Saturday, with Real Madrid held 1-1 at Oviedo, allowing Barcelona to go back to the top spot with a 2-1 victory at Zaragoza.

Real Madrid conceded a goal in the 88th minute at Oviedo to surrender a victory and with it first place in the league.

Near the end of the match, Roberto Carlos of Real, who had four yellow cards this season, made a heavy challenge apparently with the intention of earning another. He succeeded, gaining his fifth yellow card, which means an automatic one-game suspension. But that will coincide with a match he would have missed anyway because he will be playing for Brazil.

SCOTLAND The Italian striker Marco Negri scored his 30th goal of the season for Rangers on Sunday, but was carried off on a stretcher with an ankle injury that could sideline him for several weeks.

The 1-0 victory at home to Hibernian kept Rangers second, a point behind Hearts, which won Saturday.

Negri's goal in the 51st minute followed his own penalty miss. The Hibernian goalkeeper, Chris Reid, pulled off an excellent save from Negri's weak shot and then blocked the follow-up as well. But the ball spun up off his hands, onto the crossbar and rebounded to Negri, who scored on the third attempt.

GERMANY Champion Bayern Munich lost to leader Kaiserslautern on Friday, 2-0. The gap between the two is now seven points.

EUROPEAN SOCCER



Carlo Pizzoglio/The Associated Press

Bari defender Luigi Sala, left, putting pressure on AC Milan's Leonardo.

Billy Bremner, Scots' Captain And Leeds Player, Dies at 54

Reuters

Billy Bremner, the former captain of Scotland's national soccer team, died Sunday after a heart attack in Doncaster, England. He would have been 55 on Tuesday.

The flame-haired midfielder played in the 1974 World Cup and was chosen to play for Scotland's national team 54 times. He became a manager in Doncaster in 1978 after 585 league games for Leeds United and 61 for Hull.

Bremner joined Leeds in December 1959 after being rejected by both Arsenal and Chelsea, which felt that at 1.65 meters (5-feet-5-inches) tall he was too small. While Bremner played with Leeds, the team won two English League titles and the Football Association Cup and finished as the European Cup runner-up in 1975 after losing, 2-0, to Bayern Munich in Paris.

Bremner was a capable tackler and possessed natural passing and shooting skills. In 1970, he was voted England's soccer player of the year.

"That little man should have a halo around his head when he plays because he has a talent which comes from heaven," said Bill Shankly, the Liverpool manager.

Bremner played against Brazil in the 1974 World Cup and rated the experience as one of the highlights of his career, though Scotland lost the game. The next year, he was dropped by the team after a nightclub brawl following a match in Copenhagen. He moved to Hull in 1976 but returned to Leeds as manager in 1985 for three seasons.

Green Bay Tops Tampa To Secure First Place

The Associated Press

The Green Bay Packers clinched their third straight NFC Central title, as well as a first-round bye in the playoffs, with a 17-6 victory over the Buccaneers in Tampa on Sunday. The second-place Bucs had needed a victory to earn their first playoff berth since 1982.

Brett Favre threw two touchdown passes to become the first quarterback in NFL history to throw for 30 TDs in four consecutive seasons.

Favre threw 43 yards to Robert Brooks and 8 yards to Dorsey Levens for scores before leading an 88-yard field goal drive that lasted more than 10 minutes to put the game out of reach with 6:24 to go.

NFL ROUNDUP

Tampa Bay's offense sputtered all day, but especially after Trent Dilfer sprained his right ankle late in the first half. The Bucs quarterback was not effective when he returned in the third quarter and was replaced by Steve Walsh.

Favre completed 25 of 33 passes for 280 yards and was intercepted once. Dilfer was 6-of-17 for 67 yards and was injured when Reggie White dropped him on one of Green Bay's four sacks.

The Bucs can still clinch a playoff berth by winning one of their remaining two games, against the New York Jets and Chicago Bears.

Chiefs 30, Raiders 0 In Kansas City, the Chiefs (11-3) outgained the Raiders 418-93 and piled up 27 first downs to five for Oakland (4-10). While beating their old rivals for the 15th time in 17 meetings, the Chiefs amassed 214 yards rushing and allowed 36.

The victory was especially sweet for Kansas City because halfway across the country, Pittsburgh was beating Denver, 35-24. That put the Broncos and the Chiefs in a tie for the AFC West lead, with Kansas City owning the tiebreaker advantage in the playoffs, with two games to play.

• Other results: New York Giants 31, Philadelphia 21; Baltimore 31, Seattle 24; Pittsburgh 35, Denver 24; Chicago 20, Buffalo 3; New England 26, Jacksonville 20.

In a Tense Thriller, England Holds All Blacks to a 26-26 Draw

By Peter Berlin
International Herald Tribune

TWICKENHAM, England — The greatest rugby team in the history of the universe had its crown of stars knocked askew in the exhilarating final match of its previously triumphal tour of the British Isles.

The New Zealand All Blacks drew with England, 26-26, in a compelling test Saturday at Twickenham near London. It was a match of nerve-stretching tension, played throughout at a blinding pace in which both teams displayed great creativity in attack and utterly ruthless tackling on defense.

RUGBY UNION

The New Zealand team had won all 11 of its internationals this year and all eight of its matches on its visit to Wales, Ireland and England.

Its dazzling play had drawn favorable comparisons with the best teams in the history of rugby union. The comeback Saturday, after England had scored three early tries, showed what a resilient and resourceful team New Zealand is.

The final result, however, combined with its defeat in the 1995 World Cup final against South Africa in Johannesburg, means that this team still falls short of the claims being made by marketing men and by some beaten opponents.

Over the last few years the All Blacks have responded to changes in the laws and reinvented their rugby. The most remarkable aspect of the game was that England seems, in the last month, to have learned to play the same way.



Adam Butler/The Associated Press

New Zealand's Jonah Lomu leaping over England's Richard Hill.

"England played as well as I have seen them play," said John Hart, the All Blacks' coach. "They never played that way before. It was a different attitude and they scored tries."

The last time New Zealand visited Twickenham, England built its strategy around its rumbling pack of forwards. All the points came from kicks. Jeff Wilson, then a 19-year-old playing only his second test for New Zealand, missed several penalties. England won, 15-9.

Changes in the laws have undermined the effectiveness of huge packs of forwards. The All Black pack is relatively light, but every member can run and all are comfortable with the ball in their hands. The team also has a dazzling generation of backs: the halfbacks, Justin Marshall and Andrew Mehrtens are 24 as is Wilson. Jonah Lomu, the giant wing, is 22, and Christian Cullen, the fullback who averages one touchdown per test is 21.

New Zealand beat South Africa twice and Australia three times in the Southern Hemisphere winter. Those three nations have been rampaging round Europe for the past four weeks. South Africa beat France twice, England once and finished off its visit by hammering Scotland, 68-10, on Saturday in Edinburgh. New Zealand had crushed Ireland and Wales. Two weeks ago it beat England in Manchester. Australia also beat Scotland, but it drew, 15-15, with England in a lackluster match at Twickenham a month ago, on the opening weekend of this sequence of inter-hemisphere matches.

England's performance against Australia that day bore no resemblance to its play Saturday. The first 16 minutes were one of those dream sequences in sports when everything goes right. To the astonishment of the 75,000 fans and probably the players themselves, England — playing a high-risk handling game against the most ferocious defense in the world — scored three touchdowns.

First, David Rees ran half the length of the field beating three defenders to touch down in the corner. Then Will Greenwood cut through the New Zealand defense and set up a try for Richard Hill. Finally, New Zealand's Walter Little dropped the ball after a crunching tackle, and Lawrence Dallaglio booted the ball over the New Zealand line and fell on it to score.

"I had to pinch myself after the third try," said Clive Woodward, the England coach. "I thought I was going to wake up."

New Zealand launched a series of coruscating attacks. A combination of unyielding goal line defense by England and uncharacteristic handling errors close to the line kept New Zealand from scoring a touchdown before halftime.

But each sustained sequence of play left several white-shirted bodies lying on the ground or reeling groggily.

The halftime break seemed to calm the New Zealanders. They cut down their mistakes, and pounded away at the heart of the England defense. Lomu, who weighs 266 pounds (121 kilograms), often came into the middle to act as a battering ram. Little started making dangerous quick breaks.

Mehrtens burst over from close range. Then, after Tim Stimpson, England's substitute fullback, had dropped a high kick, Little scampered over and New Zealand led 26-23 with 17 minutes to play. England, it seemed, was done.

Again the momentum swung. Lomu, in particular, seemed drained by his effort to haul New Zealand back into the game. Paul Grayson kicked a close-range penalty to even the score. The tension tightened another notch. Both teams knew that one error could lose the match.

They looked like two heavyweight boxers on the edge of collapse, neither of whom could not quite summon the knock-out punch.

Strangely, England's captain seemed more disappointed. His team played at its very limit, and perhaps he sensed that it will be fortunate to have such a chance again.

"It was a fantastic game," said Dallaglio. "There's nobody laughing or celebrating in the England dressing room. We definitely should have won the match."

Marshall said: "It was a tough game and we were very lucky to manage a draw."



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